FINANCIAL INCLUSION AMONG SMALL AGRIBUSINESS ENTREPRENEURS IN NORTHERN NIGERIA

By

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Abstract

Financial inclusion is considered an effective strategy to enhance the development of small agribusiness entrepreneurs. However, previous literature does not provide unified, comprehensive indicators and requirements that ascertain the extent of financial inclusion, the banks' approach to implementing financial inclusion, the process of giving out financing and small agribusiness entrepreneurs' challenges towards enhancing financial inclusion. This study identified indicators and requirements for financial inclusion, banks' approaches to implementing financial inclusion, banks' process of giving out financing, and challenges faced by small agribusiness entrepreneurs to strengthen financial inclusion in Northern Nigeria. The study used qualitative approach and purposive sampling strategy through in-depth interviews and content analysis to explore experiences of informants about financial inclusion. The study identified comprehensive indicators and requirements that determine and enhance financial inclusion. Banks implement financial inclusion by ensuring access to savings, payments, and credit. Additionally, banks promote consumer protection, financial literacy, and Know Your Customer (KYC) compliance. Islamic and conventional banks' approaches in implementing financial inclusion are the same, except in the financing process. Banks are careful in lending/financing due to challenges of borrowers' repayment capacity. However, banks follow flexible and all-inclusive means to extend lending/financing. Jaiz bank relies more on debt-based financing to enhance financial inclusion. Small agribusiness entrepreneurs face challenges of loan security, investments viability and increasing cost of financing. This study identifies banks' impact on small agribusiness entrepreneurs' inclusion and shows the function and role of banks towards the financial inclusion drive. The study increases entrepreneurs' awareness of financial services and Islamic banking. Banks may use this study to predict clients' challenges and financing needs. With this study, banks could help financial regulators to redesign strategies towards Islamic banking, credit, outreach, and financial literacy.

Keywords: Financial inclusion, Islamic banking, Northern Nigeria, agribusiness entrepreneurs.

Abstrak

Rangkuman kewangan dikatakan sebagai strategi yang berkesan untuk meningkatkan pembangunan usahawan kecil perniagaan tani melalui perkhidmatan kewangan. Kajian literatur terdahulu tidak menyediakan petunjuk yang komprehensif dan seragam serta syarat bagi memastikan tahap rangkuman kewangan, pendekatan bank dalam melaksanakan rangkuman kewangan, proses pemberian pembiayaan dan cabaran usahawan kecil perniagaan tani terhadap peningkatan rangkuman kewangan. Kajian ini mengenal pasti petunjuk dan syarat untuk rangkuman kewangan dan pendekatan bank melaksanakannya, proses pemberian pembiayaan, dan cabaran yang dihadapi oleh usahawan kecil perniagaan tani untuk menyelesaikan rangkuman kewangan di Utara Nigeria. Kajian ini menggunakan kaedah kualitatif dan strategi persampelan bertujuan melalui temu bual secara mendalam dan analisis kandungan untuk meneroka pengalaman pemberi maklumat berkaitan isu rangkuman kewangan. Kajian ini mengenal pasti petunjuk dan syarat komprehensif yang menentukan dan meningkatkan rangkuman kewangan. Bank melaksanakan rangkuman kewangan dengan memastikan akses kepada simpanan, pembayaran, dan kredit melalui kecekapan, ketekunan dan kepatuhan. Selain itu, bank mempromosikan perlindungan pelanggan, kecelikan kewangan dan pematuhan terhadap Kenali Pelanggan Anda (KYC). Perbankan Islam dan konvensional mempunyai pendekatan yang sama dalam melaksanakan rangkuman kewangan kecuali dalam proses pembiayaan. Pihak bank berhati-hati untuk memberikan pembiayaan kerana cabaran dalam keupayaan pembayaran balik peminjam. Namun, pihak bank mengambil langkah yang fleksibel dan menyeluruh untuk memperluaskan pembiayaan kepada peminjam yang berkelayakan. Bank Islam JAIZ lebih bergantung kepada pembiayaan berasaskan hutang untuk meningkatkan rangkuman kewangan. Usahawan kecil perniagaan tani berhadapan dengan isu keselamatan pinjaman, kebolehpercayaan pelaburan dan peningkatan kos pembiayaan yang merupakan cabaran yang menjadi penghalang kepada akses pembiayaan. Kajian ini mengenal pasti kesan rangkuman bank terhadap usahawan kecil perniagaan tani dan menunjukkan fungsi dan peranan bank dalam memacu rangkuman kewangan. Kajian ini meningkatkan kesedaran usahawan terhadap perkhidmatan kewangan dan perbankan Islam. Pihak bank boleh menggunakan kajian ini untuk meramalkan cabaran dan keperluan pelanggan. Melalui kajian ini, pihak bank dapat membantu penggubal dasar kewangan untuk merangka semula strategi ke arah perbankan Islam, kredit, bantuan, dan kecelikan kewangan.

Kata kunci: rangkuman kewangan, perbankan Islam, Nigeria Utara, usahawan perniagaan tani

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List of abbreviations

AFI	Alliance for financial inclusion
AFIGPF	Alliance for financial inclusion's global policy forum
AGEA	Agribusiness entrepreneur with bank account
AGEAC	Agribusiness entrepreneur accessing bank credits
AGENA	Agribusiness entrepreneur without bank account (unbanked)
ATM	Automated teller machines
CBN	Central bank of Nigeria
DFD	Development finance department of the CBN
DMB	Deposit money banks (commercial banks)
EFInA	Enhancing financial innovation and access
FBN	First bank of Nigeria Plc.
GDP	Gross domestic products
Jaiz	Jaiz Islamic bank Plc. (The only full-fledged Islamic bank in Nigeria)
KPIs	Key performance indicators
KYC	Know your customer
MFB	Microfinance banks
NAICOM	National insurance commission
NFIS	National financial inclusion strategy
NFLF	National financial literacy framework
NIPOST	Nigerian postal service
POS	Point of sale machine
SMEDAN	Small and medium enterprise development agency of Nigeria
UBA	United bank for Africa Plc.

CHAPTER ONE

INTRODUCTION

1.1 An overview of the study

Every country needs a strong and responsive financial system to enable effective implementation of monetary policies, which are used to manage several macro and micro-economic activities (Asongu, & De Moor, 2015). Therefore, one of the major responsibilities of financial service industry is to provide growth induced economic development (Abiara, & Arosanyin, 2014), this aim may not be achieved if entrepreneurs cannot establish strong production base. Entrepreneurs need strong production base to enable them produce at a competitive scale. Strong and competitive production base cannot be achieved without access to financial services (Akenbor, 2015).

Financial institutions particularly banks, are the largest and most reliable source of financial services such as external financing to small and medium scale enterprises (Babu, 2016). Banks can offer financing facilities to agribusiness entrepreneurs only if they do not lose depositors' funds. In relation to financing facilities, the Islamic banking system aims at providing just and inclusive growth induced economic development, through fair distribution of wealth among individuals (Aburime, & Alio, 2009). Since banks are profit oriented financial service providers, they cannot afford to indiscriminately provide financial services without managing risk (Alabi, Lawal, & Chiogor, 2016). This necessitates central banks and other regulatory financial institutions across the world to implement various policies and programmes like financial inclusion to enhance access to financial services.

Financial inclusion refers to an easy and convenient access to a broad range of affordable financial services that are designed to accommodate various needs of adults (An AFI Publication, 2012). One of the fundamental objectives of financial inclusion strategy is to ensure that all individual adults have access to financial services from formal financial sectors of the economy (EFInA survey report, 2012). According to Beck, Demirguc-Kunt & Honohap, (2009) financial inclusion is the ability of an individual or business enterprise to acquire suitable financial services from appropriate sources to meet the financial requisite for sustainable business and livelihood.

This phenomenon of access to financial services is an issue confronting individuals and small businesses across the world as reflected by Beck & Demirguc-Kunt (2008) in theWorld Bank economic review, where they highlighted the alarming predicament of the degree of financial exclusion across the world. Beck & Demirguc-Kunt (2008) realised that poor financial inclusion has a negative impact on individual welfare, enterprise growth, poverty reduction, income inequality control, and aggregate economic growth and development.

Because of a high degree of financial exclusion across the world, a summit was convened in Pittsburgh, USA in 2009, with a target of increasing financial inclusion across the globe (An AFI Publication, 2012). The objective of this summit is to increase financial inclusion in all AFI member countries.

Global financial industry leaders realised that, almost 37 per cent of people worldwide do not have formal access to banking services (Clementina, & Egwu, 2015). Although the percentage of financial inclusion varies widely among nations, the World Bank report shows that only 50 per cent of adults have a bank account, 9 per cent access credit/financing and 22 per cent have a savings culture in formal financial institutions as at 2013, globally. Sub- Saharan Africa according to Sacerdoti, (2005) has the lowest level of access to savings and allocation of bank credit to small scale agribusinesses, which remains below 30 and 7 per cent respectively. This is in comparison with other developing countries like Brazil and Thailand.

In Nigeria, financially excluded individuals and small businesses reach up to 46.3 per cent. The EFInA survey report, (2016) shows that Nigeria has low level of payments and credit penetration of only 36 and 2 per cent respectively, as of 2014. Based on the above statistics, research on financial inclusion in Nigeria remains a national issue until thorough research investigations are made to find out about the issues impeding access to financial services. Amidzic, Massara and Mialou, (2014) are worried about the tangibility of measures taken in increasing financial inclusion in Nigeria.

Jahiou (2013) asserts that some people are eligible to access financial services at convenient and affordable costs but may choose not to utilise some financial services, while others are lacking access to financial services due to some factors like cost, proximity, awareness/literacy, availability, regulation, procedure, culture, religious belief, or market structure.

Small-scale agribusinesses use various sources of funding such as personal savings, benevolent loans from friends or relatives, government's grants or donor agencies, partnership, private money lenders, commercial banks, development banks or microfinance banks (Ekpenyong, & Nyong, 1992). Small scale agribusiness entrepreneurs may have skills and experience of traditional agricultural systems, but may lack access to capital and literacy to start new or fund their existing business activities (Akenbor, 2015). This necessitates central banks to device means of improving access to financial services by small-scale entrepreneurs.

It is found in the national financial inclusion (NFIS) annual report (2012) that the government through the central bank of Nigeria (CBN) introduced and launched the national financial inclusion strategy in October 2012. This was done through policy statements, plans and objectives to reduce the number of individual adults who cannot access financial services from 46.3 per cent in 2010 to 20 per cent by 2020 and increase access to credit from 2 per cent in 2010 to 40 per cent by 2020. The strategy is more than half a decade now. Thus, its impact needs to be re-assessed.

The banking system in Nigeria according to EFInA survey report, (2016), consists of 22 large commercial banks operating nationwide and 793 microfinance banks and one Islamic bank registered as a regional bank (northern Nigeria). Yet, loan accessibility to agricultural businesses is below 15 per cent of total loans disbursements in Nigeria (EFInA survey report, 2012) and a majority of these loans extended to the agricultural sector are accessed by large scale farmers.

Agribusinesses play an important role in national economic development of their respective countries, which increases GDP, and provide industrial raw materials (Awokuse & Xie, 2015; Tersoo, 2014). Small agribusiness employs 30 per cent of Nigeria's population (EFInA survey report, 2012). Despite all these contributions, the agribusiness sector is more vulnerable to natural and manmade disasters (Filimon, Filimon, & Nemeş 2014). According to Umaru & Zubairu, (2012), financial exclusion is more pronounced in the agricultural sector than other sectors.

While 80% of Nigerian agricultural activities are taking place in northern Nigeria, agriculture contributed 55% to northern Nigeria's GDP in 2015 (Nwankwo, 2013). It is also realised that 75 per cent of the cultivable land of Nigeria is in northern Nigeria.

However, small agribusinesses have been complaining about access to credit (Uche, 1997).

This research takes into consideration entrepreneurs engaged in agribusiness, particularly in rice and groundnut processing mills, poultry, fishery, irrigation, and animals rearing (cow fattening) which are the most common agricultural activities in northern Nigeria. The selection of this category of agribusiness is also informed by its contribution to the provision of food to human beings, animals and even insects which are a form of charity.

In view of the above background, the motivation to study financial inclusion among small-scale agribusiness entrepreneurs emerged due to the need for human development. Financial inclusion is considered a good strategy to enhance human development through access to financial services. To appreciate the level financial inclusion, there is a need to understand the indicators and requirements upon which countries rely to measure and enhance their financial inclusion strategy. This is because there is a need for standardized and comprehensive indicators and requirements to measure financial inclusion and to understand the relationship between the financial inclusion index and human development.

There is also a need to understand the role of public institutions as policy makers, banks, and other stake holders are engaged in the financial inclusion implementation process. This is because the effectiveness of strategy implementation determines its achievement. Therefore, the banks implementation approach to financial inclusion is very important in achieving financial inclusion objectives. However, this study intends to understand if the banks' implementation process can lead to achieving financial inclusion objectives among small agribusiness entrepreneurs. One of the most important roles of banks in implementing financial inclusion is providing loans or financing for entrepreneurs. Therefore, this study also intends to understand how banks provide financing to entrepreneurs to increase their inclusiveness, and to identify the impact of the loans/financing on entrepreneurs' agribusinesses.

Development of entrepreneurs requires easy and affordable access to financial services. Previous studies have identified the existence of challenges towards access to financial services, particularly bank loan/financing. However, there is a need to understand the nature of challenges facing small scale agribusiness entrepreneurs in enhancing their financial inclusion. This is because the essence of financial inclusion is human development, and to develop humans there is a need for entrepreneurship development. Hence, the need to identify entrepreneurs' challenges towards entrepreneurship development arises. Therefore, this research intends to study issues related to financial inclusion, as discussed in the following section.

1.2 Problem statement

Various researchers used different indicators to ascertain the extent of financial inclusion. But, the literature suggests that a comprehensive standard to measure the overall extent of financial inclusion is lacking (Goel, & Sharma, 2017). In some literature, it is found that indicators of financial inclusion are incomplete in one way or another. Some studies consider the indicators of financial inclusion using three dimensions, which involves the levels of access and usage, penetration, and availability of financial services. Some other studies rely on policy indicators like credit penetration, literacy level, and know your customer (KYC) policy compliance as indicators of financial inclusion achievement. Yet, there are other researchers who consider target accomplishment as an indicator of financial inclusion (Goel, & Sharma, 2017).

It is found in some literature on financial inclusion that due to some inherent limitations on measurement of the extent of financial inclusion, the measurement is either based on the supply side information from the perspective of financial services providers alone, or demand side information from the perspective of users- individuals, households, or firms. A one-sided indicator provides partial information about the extent of financial inclusion, which fails to adequately capture the overall extent of financial inclusion of the area under study. Therefore, most indicators are biased towards either demand or supply side information (An AFI Publication, 2012).

Some studies confirm that a high level of financial literacy, consumer protection, and relaxed KYC requirements function as indicators of high-level financial inclusion (Gupte, Venkataramani, & Gupta, 2012), while researchers like Atkinson, & Messy (2013) consider them as independent policies, but, necessary requirements for effective financial inclusion. Gabor & Brooks (2017) deliberate on the relationship of technology and financial inclusion in the context of whether technology is a necessary requirement for financial inclusion or an opportunity to expand inclusion. Even though researchers agree on the need for collaboration between various policies and institutions to ensure financial inclusion, the question remains whether the policies are indicators of or requirements for financial inclusion, and to what extent do they influence the level of financial inclusion (Morgan, & Yoshino, 2017).

There have been several attempts to develop a complex index for measuring financial inclusion. However, the question arises if some of the indices are necessary and whether they are sufficient or not sufficient for understanding the extent of financial inclusion (Sarma, 2012). Each indicator used to measure financial inclusion may have its own advantages and limitations. Nevertheless, no single study measured the extent of financial inclusion using all indicators available. However, since each of the indicators is an important parameter, the main objective is to identify various indicators and requirements that enhance financial inclusion from a general overview. Nevertheless, different financial inclusion indicators have been used by different studies (An AFI Publication, 2012). In view of the above, more research is needed to identify more harmonised indicators and requirements that show the extent of financial inclusion and what enhances this inclusion.

The need to identify comprehensive indicators and requirements to enhance financial inclusion also call for a need to identify how financial inclusion is implemented in developing countries like Nigeria. For example, Osabuohien, Efobi & Salami (2012) were not sure if the policy makers have a tangible and workable plan to achieve the 2020 target of financial inclusion. This is based on their assertion that governments have a poor attitude towards developmental plans. They also consider the ability and willingness of stakeholder institutions to collaborate and implement plans that may promote financial inclusion.

Commercial banks are supposed to be major players in financial inclusion among small-scale agribusiness entrepreneurs, but in most cases, they tend to disregard this supposed responsibility because of the perceived risk and other uncertainties in the sector (Egbide, Samuel, Babajide & Samuel, 2015). Banks are also expected to complement the efforts of Central Banks and donor agencies' in a commitment to improve financial inclusion, financial literacy, and consumer protection, among individuals, as stipulated in financial inclusion documents (An AFI Publication, 2012). The effort of commercial banks is also more noticeable only in attracting unbanked low-income earners to participate in bank savings and deposit services, but the majority of their credit go to public and large-scale business sectors (Okolon, 2015).

Marshal, Solomon & Onyekachi, (2015) found a poor long-run relationship between commercial banks' lending and GDP growth in Nigeria.

Despite all efforts by governments, a study by Abiara, & Arosanyin, (2014) shows that small-scale entrepreneurs' access 64% lending from family and friends, 22% from cooperative societies and 14% from both microfinance, commercial, and development banks. A similar study by Padachi, Howorth & Narasimhan, (2012) shows that small-scale businesses prepare to finance their working capital needs from sources other than formal financial institutions.

Government and commercial banks have identified various challenges with respect to small-scale agribusiness entrepreneurs' financial inclusion, such as entrepreneurs' lack of collateral, guarantor, outreach, skills, innovation, trustworthiness, repayment capacity, financial literacy, documentation requirements, and viable investment projects (Ajah, & Ofem 2014). On the other hand, small-scale entrepreneurs blame the government for its inability to provide adequate infrastructure, training, and other support services. Small-scale entrepreneurs also blame banks for expensive financial services and imposing strict requirements on access to financial services (Mills & McCarthy, 2014). However, all these problems may be subject to the banks' process of implementing financial inclusion. Therefore, this study explores how banks implement financial inclusion programmes in Nigeria.

Unfortunately, there is higher rate of exclusion in northern Nigeria with 68 per cent of its population excluded, as compared to southern Nigeria with 32 per cent of its population excluded, while 48 per cent of people in northern Nigeria are living in rural areas engaging in small-scale and subsistence farming (NFIS annual report, 2015).

The Nigerian adults that operate a bank account in deposit money banks constitute only 30 per cent of the adult population (NFIS annual report, 2012). 70 per cent of excluded individuals live in the rural areas (Michael & Sharon, 2014), while rural dwellers are fully engaged in agribusiness activities (EFInA survey report, (2008). Access to financial services has been an on-going challenge facing small-scale agribusinesses (Sacerdoti, 2005). Only 4 per cent of the Nigerian adults as at 2014 are eligible to access financing (credit) from banks in Nigeria. This low credit access may be due to the stringent requirements to accessing financing imposed by banks (Odi & Ogonna, 2014).

Almost 80.4 per cent of small agribusinesses living in rural areas in northern Nigeria do not operate a bank account, and even those that operate a bank account find it difficult in accessing financing. The above difficulty in accessing finance which slows down growth of their agribusiness is evident from the EFInA survey report, (2014). However, there is no evidence whether this magnitude of financial exclusion in the agribusiness sector is only among subsistence farmers or it involves agribusiness entrepreneurs.

Additionally, the least served states by formal financial institutions, in nation-wide ranking with respect to access to finance and availability of channels of distributing financial services are in northern Nigeria, that is Kebbi and Taraba states with 56.4- and 21.7-Kilometres average distance between financial service access points respectively, as compared to Lagos state, with less than 1Km (NFIS annual report, 2012). Coincidentally, the two states (Kebbi and Taraba) are prominent and ranked high in terms of agricultural production output. Therefore, this study focuses on financial inclusion among small agribusiness entrepreneurs, to understand entrepreneurs' inclusion challenges on their business and livelihood.

Coincidentally, Islamic banking and financial inclusion strategy were introduced the same year, that is, 2012. Since the inception of full-fledged Islamic banking in Nigeria, there is no study that compares Islamic finance inclusiveness with that of its conventional counterpart. Therefore, the study wishes to compare the financial inclusion drive among small-scale agribusiness clients of Islamic and conventional banks. Unfortunately, to date, customers of Islamic banks do not constitute up to 10 percent of banked individuals (Adeniran, 2014).

Successful loan applications by small agribusinesses in other developing countries outside Africa like Thailand average at 81.7%, whereas in Africa combined, it is an average of 65% (Strischek, 2011). Unfortunately, in Nigeria the average successful loan applications to all sectors of the economy were 62.3% (Olumuyiwa, Oluwatosin and Chukwuemeka, 2012). In agribusiness sector, successful loan applicants are below 60 percent, indicating a high rate of loan rejection (Nwankwo, 2013).

Previous researchers like Santikian, (2014); Harisa, (2013) and Schaure & Soden, (2011) has contributed in treating the issue of access to financial services in conventional banking alone without consideration for Islamic banking. While other researchers like Khalid & Hanif, (2014); Masyita & Ahmed, (2013) made a comparison of Islamic and conventional banking in relation to bank's profitability, customer base, service delivery, products diversification, and risk management, which are centered towards the banks' performance. While, researchers like Ahmed, Rehman, Saif & Safwan, (2011) and Awan, Bukhari & Iqbal, (2011) studied Islamic banking but, did not consider inclusive access to financial services. While in this research, accessing financial services is deliberated from various perspectives. The study considered the issues of financial inclusion from the perspective of regulators, implementers, operators, and beneficiaries in both Islamic and conventional banking.

1.3 Research objectives

The broad objective of the study is to empirically explore financial inclusion among small agribusiness entrepreneurs in northern Nigeria. Specifically, to discover the following issues, from the actual stake holders of financial inclusion among small agribusiness entrepreneurs:

1. To identify the appropriate indicators and requirements to examine financial inclusion strategy.
2. To explore the financial institutions' (banks) approaches to implementing financial inclusion strategies.
3. To explore the process of giving out financing from Islamic and conventional financial institutions (Banks).
4. To identify the challenges faced by small-scale agribusiness entrepreneurs in enhancing their financial inclusion.

1.4 Research questions

Based on the research problems identified above, the questions below can be used as a guide to explore an appropriate explanation to the following research issues:

1. What are the appropriate indicators and requirements to examine financial inclusion strategy?
2. What are the financial institutions' (banks) approaches to implementing financial inclusion strategies?

3. What are the processes of giving out financing from Islamic and conventional financial institutions (banks)?
4. What are the challenges faced by small-scale agribusiness entrepreneurs in enhancing their financial inclusion?

1.5 Significance of the study

This study assesses the role of Central banks and other financial institutions towards financial inclusion of small agribusiness entrepreneurs, particularly in access to financial services. The study reviewed the success journey of financial inclusion objectives as at 2016, through understanding the programme and entrepreneurs' challenges.

The current study is also significant in enlightening small agribusiness entrepreneurs towards Islamic banking by informing them about the system of banking as a holistic business that is ready to serve their financing needs, provide cost effective and efficient financial services towards fulfilment of their financial inclusion objectives. Such an approach goes beyond viewing the Islamic banking system as a segment of banking that is introduced to satisfy religious obligations only.

The research work also identified and compared the role of financial institutions and their impact on small-scale agribusiness entrepreneurs' operations. Furthermore, this study creates awareness to agribusiness clients on where, when, and how to obtain loans/financing. Prospective agribusiness bank clients can use this research work as a basis to understand financial service products and how to choose among the products of the two systems of banking, and how to patronise banks based on the potential benefit they may likely get from easy and more convenient access to loans/financing when needed, hence increasing financial inclusion. Muslim entrepreneurs may benefit from this research by separating the processes of getting loans/financing that is within and against the mandate of *Shari'ah*, thereby helping businesses in discharging their religious obligations.

The research findings could possibly be of use to banks to predict the clients' challenges and needs towards the financial inclusion process, which may enable banks to modify their services towards clients' needs and attract more patronage from the unbanked.

On the other hand, the government, through financial regulators, may need research of this nature to redesign its policy and procedures on Islamic banking, credit policy, outreach, financial inclusion, and financial literacy strategies. The study may also be significant in making clear the function and role of banks in financial inclusion drives, among which is to provide funding to its clients in times of need.

1.6 Scope and limitations of the study

The scope of the study clearly determines the areas covered by the study, while limitations of the study explain the border-line of the study, where the study cannot cover due to circumstances beyond the researchers' control.

1.6.1 Scope of the study

This study is aimed at reviewing financial inclusion strategy, particularly determining access to financial services (banking services) of only small-scale agribusiness entrepreneurs in northern Nigeria. It considers small-scale agribusiness entrepreneurs only, registered, or non-registered, neither large farmers nor subsistence farmers. The research is carried out in the year 2016, when both financial inclusion strategy and Ja'iz bank (the only full-fledge Islamic bank in Nigeria) are less than a decade in operation within the study area. Data collection was limited to three states (Kano, Kaduna and Gombe), due to a relative peace in the states, considerable popularity and acceptance of Islamic banking system in the selected states than other states of northern Nigeria.

Agribusinesses of livestock rearing (Cows), poultry, maize and rice cultivation, vegetable irrigation, and groundnut and rice mills processing were considered. Muslim male and female entrepreneurs, managers, and staff of conventional and Islamic banks are the participants of the interview process. Agribusiness participants were selected based on their inclusion stage (those having bank account only, those accessing bank credit/financing and financially excluded).

1.6.2 Limitations of the study

Interviews were conducted with twenty-five (25) participants, within three (3) months, as cross sectional (interview) data collection. While, financial inclusion is contemporary, continuous, and changes over time, there would have been a need for multi-period longitudinal data collection, which provides an opportunity for a more in-depth understanding of entrepreneurs' challenges over time. However, considering time and financial resource constraints of a PhD research, cross-sectional rather than longitudinal data collection was adopted. Therefore, the use of cross-sectional, one-time data may pose a limitation to generalizability of the research over time.

Data was collected from employees and customers of only three (3) banks, while there are more than twenty (20) commercial banks in Nigeria. Although two conventional commercial banks were selected, they constitute more than 15 percent of Nigeria's banking market. Nonetheless; employees and customers of other commercial banks might have a different view on financial inclusion. However, since Jaiz is the only

Islamic bank in Nigeria, adding more conventional banks in the sample may make the view of informants more biased towards the conventional banking perspective of financial inclusion. Therefore, the interview participants were limited to FBN, UBA, and Jaiz Bank Plc.

Data was collected in northern Nigeria. During the time of the study, the following limitations were being experienced:

i. Economic recession due to dwindling crude oil prices in Nigeria might have affected the trend of financial inclusion indices at the time of the research.
ii. Northern Nigeria was experiencing communal and extremist crises like 'farmer-herder conflict' and '*Boko haram',* respectively. These crises have seriously affected economic activities of the region, particularly agricultural sector. Therefore, bankers' risk perception on farmers, and farmers' inclusiveness may likely be affected.
iii. The size of Islamic banking is comparatively small. Therefore, Islamic financial inclusion and Islamic banking awareness may be limited to a few entrepreneurs and few areas where there is a presence of Islamic banks.

1.7 Organisation of thesis

Chapters are organised in this study to suit the requirements of exploratory qualitative research. The research study is organised into five chapters as follows:

Chapter One gives a background of the study which provides a clear picture of where the researcher is heading to, followed by the statement of the research problem, which indicates the identified issues that led to this research enquiry. Subsequently, research questions, objectives, and significance of the study are stated. The scope of the study is also defined, to show the area of coverage of the research study.

Chapter Two is review of literature, where the conceptual framework is developed. The chapter discussed the proposed themes based on the developed conceptual framework. Theories are discussed as they highlight some underpinnings supporting the study themes. Previous literature of financial inclusion indicators and requirements, banks' financial inclusion implementation approach, bank financing process, and entrepreneurs' challenges in access to financial inclusion are also reviewed to provide background knowledge of the study area. Other previous studies related to the topic are reviewed to avoid repeating what was done earlier by other researchers, and to know where the previous researchers stopped, and where a gap from previous researches lies, to further contribute to knowledge.

Chapter Three is on methodology, which clarifies "how we know what we know" after the study. The chapter gives a picture of the overall research design and its justification, from preparation, sampling, to data gathering and how data is managed on collection process up to report writing. The chapter shows steps taken to ensure trustworthiness.

Chapter Four is presentation and discussion of the collected data. The chapter shows the relationship of the research topic to the problem statement, research questions and objectives, the informants of the study, and the study themes. The chapter shows models, tables, and charts to make a simplified display of collected data from informants, and elaborate explanation and analysis of what the displayed data contained. The chapter also discusses the findings and analysed data in the form of explanations, comparisons, and noting patterns of themes. The discussion makes sense of the data collected and displayed, by relating the findings to the research objectives.

Chapter Five is on the conclusion and recommendations. The chapter summarises and concludes on what the findings are all about. At the end, the researcher makes some recommendations, based on the findings of the study. Finally, contribution and implications of the research study was pointed out.

1.8 Summary of the chapter

In this chapter, the researcher introduced the research topic by given a brief overview of the study area, and elaborately discussed the statements of the research problems. Research questions are clearly stated in line with the objectives of the study, significance as well as the scope of the study are also discussed. The researcher finally showed how the entire thesis are organised. The next chapter delved on the literature review.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter shows how a framework is developed as intended to be used in this research study, and how the framework was conceptualised to study access to financial services to enhance financial inclusion. Theories related to indicators and requirements, strategy implementation approach, bank financing, as well as theories related to small scale entrepreneurs' challenges and micro financing are also used to justify the basis of the study from scholarly perspective. Themes were developed in this chapter to study small agribusiness entrepreneurs' financial inclusion.

Previous literature related to financial inclusion is reviewed. This literature review is done to collect any available and relevant previous information that justify the originality of the research work and identify gaps from previous studies.

2.2 Conceptual framework

A conceptual framework interlinks concepts that establish themes of the study, and provides a comprehensive understanding of phenomena (Jabareen, 2009). The themes or concepts in this conceptual framework were derived from research problems and objectives of the study.

In this study, financial inclusion is operationalized to involve coordination of activities to ensure achievement of its objectives, financial inclusion implementation approach from the perspective of some deposit money banks (DMB) managers, banks' process of giving out financing to entrepreneurs from the perspective of commercial bank account officers, as well as challenges faced by small-scale agribusiness entrepreneurs on enhancing financial inclusion.

In figure 2.1 below, the overall research framework is shown from regulation, implementation, financing and use by entrepreneurs. After a careful enquiry, the findings of the two systems of banking (Islamic and conventional) was compared to determine the system of banking that is more convenient and has a greater impact om access to financial inclusion on client's agribusiness activities, as well as their social and spiritual livelihood.

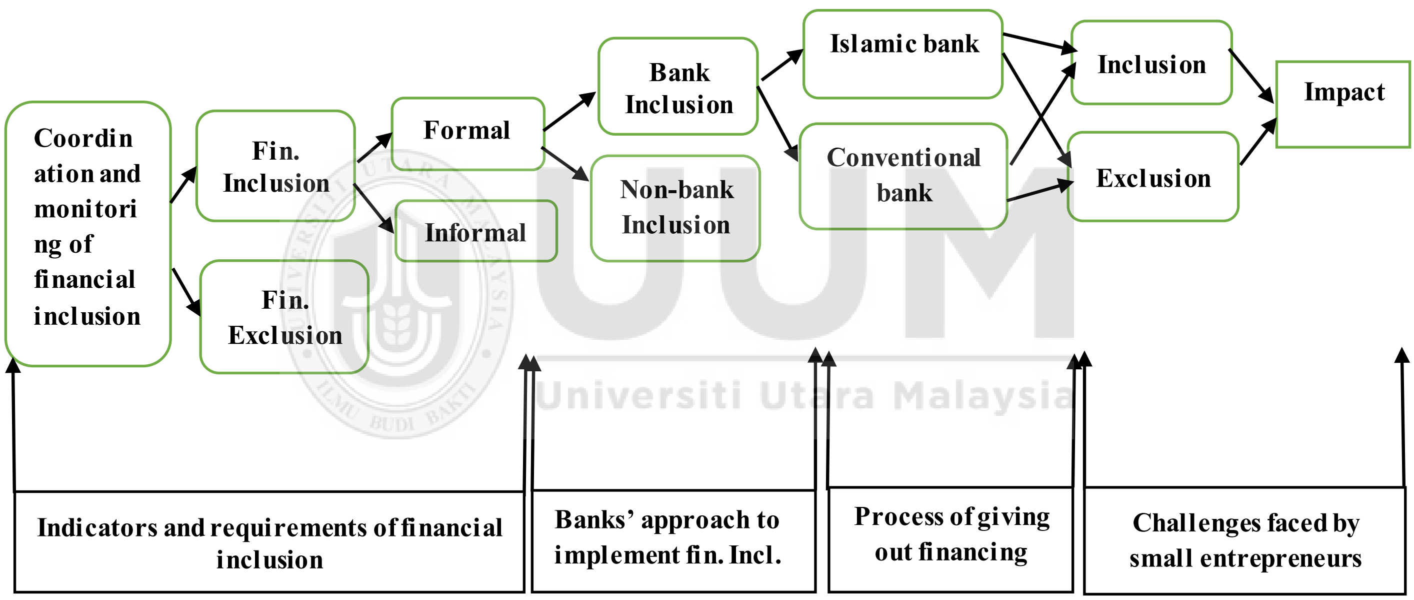

Figure 2.1:
Conceptual framework developed for this study

2.3 Theoretical framework

This section discussed theories that justify the relevance of studying financial inclusion issues that forms the themes of this study, as discussed in conceptual framework above. The theories below provide explanations and the justification for selecting and using the themes of the study based on the literature review.

2.3.1 Theories related to indicators and requirements for financial inclusion

To achieve any set of objectives or goals, a framework should be set for monitoring and evaluation; The monitoring and evaluation framework should have indicators of achieving the objectives. Therefore, indicators are variables to measure the progress of a strategy. Kao and Liu (1984) defined indicator as "an item that represents and measures certain aspects of the progress or retrogression of processes or activities that has special concern to society". They also interpreted *social indicators* in a broad sense, as a measurement of the social aspects of life becomes an integral part of development indicators. Gallopin, (1997) defines indicator as "a specific, observable, and measurable characteristic that can be used to show changes or progress a programme is making toward achieving a specific outcome". He also added that, there should be at least one indicator for each outcome. The indicator should be focused, clear and specific. The change measured by the indicator should represent progress that the programme hopes to make. An indicator should be defined in precise, unambiguous terms that describe clearly and exactly what is being measured. Gallopin, (1997) added that "where practical, the indicator should give a relatively good idea of the data required and the population among whom the indicator is measured".

Indicators show level as well as specific achievement made or to be made. A good indicator must be valid, reliable, precise, measurable, and timely. There may be some challenges when selecting indicators, like precision and the use of well-defined and clear terms. For example, level of financial literacy may have different implications based on circumstances. Therefore, it is better to use location, time, distance, percentage, number, and other numerical information to avoid complications or confusion. It may be difficult to identify the ideal indicator to be used without data, human, and financial resources. However, any available information and little resources may pave the way towards performance and result monitoring and evaluation (Gage and Dunn, 2009).

Both quantitative and qualitative indicators of success should be identified, such as numerical figures or qualitative data information which provides relevant information for successful measurement and effectiveness (Morse, 2013). In any case, more standardized indicators should be applied if possible. Avoid indicators that are too vague, lacks realistic data, or lacks representation of desired result (Gage and Dunn, 2009). Effective indicators must contain information from both the supply and demand (providers and beneficiaries) side of the strategy and focuses towards meeting objectives of the strategy. There are no limitations to the number of indicators. However, at least an indicator is required to portray a progress, result, or impact. There is a need for an indicator for any major activity, and it should have ideal data from various sources (Bott, Guedes and Claramunt, 2004).

According to Grady (1993), requirements are necessary or compulsory conditions to achieve an objective. He also classified requirements into two parts; product requirements prescribing properties, and process requirements prescribing activities to be performed as requisite to achieve an objective. For example, process requirements specify methodologies that must be followed, activities that must be performed, or conditions that must be met, and constraints that must be obeyed (Grady, 1993). Process requirements are usually implementation requirements to enable transition of a strategy or programme from the current state to a desired future state. Requirements for a strategy implementation need to be consistent, complete, and unambiguous in enabling achieving the said objective (Grady, 1993). Since requirements for financial inclusion are process requirements that need the collaboration of other institutions to succeed, we may use theory of organisational collaboration to justify requirements for financial inclusion.

The idea for collaboration between various stake holder institutions as a requirement for financial inclusion is derived from the theory of *organisations' collaboration*. Thomson, Perry, and Miller, (2009), define collaboration as a "process where semi-dependent or independent actors formally or informally cooperate to negotiate and jointly create value through agreed rules and structures governing their relationships and ways to act or decide on the issues that brought them together; it is a process involving shared norms and mutually beneficial interactions".

An organisation or its strategy may not succeed or fail in isolation. There must be an effort of other institutions who directly or indirectly collaborate to achieve these objectives (Wood, and Gray, 1991). For instance, while financial literacy framework is established to promote knowledge sharing among people, financial literacy itself is a requirement for financial inclusion strategy to succeed. Therefore, there is need for collaboration between the two institutions to succeed. Inter-organisational interactions and collaborations can be internal or external, and can be among private, public, governmental, or any other type of institutions to achieve a similar or complementary goal (Thomson, and Perry, 2006). The degree of cooperation may vary, based on the desired objective for cooperation and collaboration. However, in every cooperation and collaboration there is a common objective (Ring, and Andrew, 1994). Nevertheless, successful collaboration to achieve an objective depends on the organisations' strategy implementation process, as discussed below:

2.3.2 Theories related to financial inclusion strategy implementation by banks

Financial inclusion implementation strategy emanates from the theory of organisational strategy implementation. According to Brenes, Mena, and Molina, (2007), strategy is a "fortitude to achieve organization's long-term goals and objectives, implementation process for course of action, and resource allocation towards a specific goal". They also defined strategy as a work plan to implement the organization's purpose, for achieving long-term goals and objectives. Thus, theory of strategy implementation is derived from four theories of innovation, technical skills, resource allocation, and value creation as discussed below.

Schumpeter's theory of innovation delves into how strategy should be implemented Schumpeter, (1934) emphasized that organisational performance depends on strategy formulation and implementation. The performance depends on technological innovativeness. When organisation employs innovation in its strategies, profits and competitiveness is certain.

Katz's (1974) theory highlights technical skills essential to implement strategy. According to Katz (1974), the most important thing in decision making is the accomplishment of strategic objectives. Therefore, management's technical, human, and conceptual skills and core competences to achieve organisation's objective is emphasized as the most important requirement for strategy implementation.

Penrose's (1959) has a resource-based view to strategy implementation. Penrose (1959) is a proponent of effective use of firm's resources in implementing strategies. He expresses that managers are expected to logically link resources, competences, and competitiveness in strategy implementation.

Freeman's stakeholder theory also relates to strategy implementation; Freeman, (1994), viewed a reasonable involvement of stakeholders in strategy implementation as a requirement to achieve organisational objectives. Freeman, (1994) looked at the responsibility of management as to bring together all stakeholders in the pursuit of organisational goals.

2.3.3 Theories related to banks' process of lending/financing

Banks' lending processes are explained and supported by the justification of portfolio management theory and capital constraints theory, as discussed below.

Portfolio management theory proves that no bank has a monopoly of pure loan/financing decisions. Fama, (1980) justified the Modigliani and Miller's (1958) assertion that when a financial system, particularly the banking industry is competitive, portfolio management activities are no longer relevant in the context of pure financing decision, if all other assumptions remain constant. Fama (1980) used the functions of banks as intermediaries of generating deposits and using the proceeds to purchase securities or lending to clients. He argues that when there is competition among banks, the pure financing decision must be driven away, since banks are perfect substitutes among themselves in lending to borrowers. Therefore, this necessitates regulatory authorities to impose ceiling and floor rates of interest for various sectors of the economy as a guide for banks to pay or earn interest on deposits and lending in respect to prices and real activity respectively (Singh, 2015).

Capital constraints theory as put forward by Gertler and Bernanke (1987) argues that due to constrains on capital borrowing by banks from markets, their lending ability is also constrained. Therefore, banks credit policy will be subjected to changes in financial market over time. Rajan (1994) buttressed this assertion by adding that instead of credit supply to remain constant or keep increasing, bank credit supply is seemingly affected by changes in both the supply and demand side of credit. In other preceding opinions, in addition to capital constraints; monitoring cost, information cost, and market competitive imperfections also affect banks' credit rationing (Williamson, 1987; Thakor, & Callaway, 1983; and Stiglitz, & Weiss, 1981).

2.3.4 Theories related to challenges faced by small-scale entrepreneurs in access to financing

The trade-off theory of capital structure is discussed in the proposition of Modigliani and Miller (1958). They deliberate on the mix of debt and equity a business may use to finance its operations, although, small businesses require external financing even from its inception. However, because of the start-up challenges associated with small and medium businesses, the initial capital is usually provided by owners and their friends and relatives. As small businesses grow, they can overcome challenges related to access to financing, and need for external financing may also increase. Therefore, Modigliani and Miller's theory deliberate on the *Irrelevance Theorem* where they debate on the need or otherwise to obtain debt financing.

The agency theory by Jensen and Meckling (1976), acknowledges two sets of agency conflicts. The first conflict arises between managers and shareholders, while the second conflict arises between equity-holders and debt-holders (bankers). The later conflict arises due to unequal distribution of business gains. Gains of debt holder on investment project financed tend to remain constant, regardless of high profits made, while, debt holders may likely bear loss if the investment project financed failed. Therefore, banks tend to be careful on risk return analysis before debt financing to businesses, because of information asymmetry and moral hazard. This tendency results in banks engaging in credit rationing exercise (Stiglitz and Weiss, 1981).

Credit rationing theory as proposed by Stiglitz and Weiss (1981) states that banks engage in credit rationing, partly due to information asymmetry between banks and businesses. With regard to small businesses, banks may not know about their credibility, intention to repay, real capital structure and financial strength. Hence, banks make financing decisions under uncertainties of moral hazard, adverse selection, and risk-return analysis. This tendency of credit rationing creates more challenges to small businesses to get financing (Stiglitz, & Weiss, 1981).

In the Pecking Order theory, Myers (1984) asserts that businesses construct a hierarchy of sources from which to finance their business activities based on availability, cost, preference, and convenience. Small businesses tend to prefer self-financing due to cost, and inaccessibility from external sources of financing. They also link profitability to cost of borrowing in their capital structure decisions. Most SMEs are using a mix of internal and debt financing to start-up their business, unless such financing is not accessible.

Although not a theory, the business lifecycle approach is discussed here because of its relevance: According to Weston and Brigham (1981), this approach is given consideration because of the variability of the firm's growth and access to capital or money market financing. Although, small businesses prefer starting up with self-financing, most small businesses have the intention to expand operations with debt financing later. Sometimes, however, small business managers may decide to maintain their current operations level without external financing, if cost of financing out-weight benefit, or out-sourcing is proved to be impossible due to economic or business challenges.

The idea of microfinance, on the other hand, is derived from the fact that among the poor and less privileged are those who want to access the necessary requirements to move out of poverty and establish a business. Society needs to ensure the collective progress of all its members, and the government is responsible for the welfare of its citizens. Therefore, the government must ensure the undertaking of all activities that are necessary for people to get small financing (Santosh, Subrahmanyam, & Reddy, 2016). However, financial inclusion is unlike other social amenities like roads and buildings that can be indiscriminately available to all. The need for appropriate allocation is necessary. For any economy to progress, the overall standard of living must be improved, which requires massive employment of human, material, and intellectual resources of the nation. Employment of these resources requires entrepreneurship skills and funding for sustainable production of goods and services (Singh, 2015).

The most financially excluded class of entrepreneurs are found to be small-scale agribusiness sector entrepreneurs. This is largely due to their education level, distances to service providers, capital inadequacy and many other personal characteristics. Meanwhile, efforts should be made by government, industry players, and financial service providers to explore the emerging opportunities for these entrepreneurs (Gonzalez, Diniz, & Pozzebon, 2015).

Microfinance and Islamic finance have much in common. Islam emphasizes ethical, moral, social, and religious values to promote equality and fairness for the good of a whole society. Principles of encouraging risk sharing, individual rights and duties, property rights, and the sanctity of contracts are all part of the Islamic code underlying the financial system. In this light, many elements of microfinance are consistent with the broader goals of Islamic finance, because they both advocate entrepreneurship and risk sharing and believe that the poor should take part in such activities. Microfinance and Islamic finance also both focus on developmental and social goals, advocate financial inclusion, entrepreneurship, and risk-sharing through partnership finance that involve participation by the poor.

2.4 Review of previous literature

Previous studies related to financial inclusion are reviewed to find out what is relevant according to scholars, avoid repeating the same work done by other scholars, to identify the gap from previous studies, and to prepare grounds for further research. The literature is discussed based on the identified themes from the conceptual framework and theoretical underpinnings above.

2.4.1 Previous literature on financial inclusion's indicators and requirements

Since the early nineteen seventies to date, the issue of financial exclusion among lower income households and agribusinesses globally, particularly Africa, began attracting the attention of governmental and non-governmental institutions, banks and international financial organisations like the World Bank and the International Monetary Fund (IMF) (Honohan & Beck 2007). The concept of financial inclusion has been increasingly gaining popularity, importance, and relevance towards the current developmental drive of many developing countries around the globe.

As at October 2013, there are 108 countries including Nigeria as members of the Alliance for Financial Inclusion (AFI), which was established and declared as a policy statement by member countries in 'Maya declaration' at Riviera Maya, Mexico on 27th of February 2012 (An AFI Publication, 2012). According to the World bank report, more than 62 per cent of adults have access to formal financial services all over the world in 2014, which is an achievement compared to less than 51 per cent in 2011. The statistics above are some of the indicators of financial inclusion. However, Demirguc-Kunt, Klapper, Singer, and Vanoudheusden (2015) are not sure if these statistics are enough to indicate the extent of financial inclusion among adults. They assert that measuring the extent of financial inclusion is a complex and extensive process, due to variations of indicators, targets, and requirements (Demirguc-Kunt, Klapper, Singer, and VanOudheusden. 2015).

In Malaysia, indicators used to measure the dimension of financial inclusion are convenient accessibility, take-up rate, responsible usage, and satisfaction level (Zarina, 2017). According to the United Nations report, the main indicators of financial inclusion are increased access to a range of financial services at a reasonable cost for all households and enterprises, which create and maintain sound institutions and financial institutions' stability (World bank group, 2014).

Marlier, Atkinson, Cantillon, & Nolan, (2007) described financial inclusion itself as an indicator of social inclusion, which aimed at ensuring people operate within the financial service market. The concept of financial inclusion is an indicator for development of society, which involves sowing the seed of change to a better-off individual adult. To achieve this change, Zeller & Meyer, (2002) argue that the poorest in the society should be doing relatively better. Even though, they buttressed that, the individual poor cannot be financially included without establishing sound and competitive financial institutions which is paramount to ensuring sustainable outreach in any society. In another study by Woller, Dunford & Woodworth (1990), a comparison is made between institutional (building strong institutions) and welfare (development from the bottom) approaches to ensuring financial inclusion. They emphasize the need for strong profit-making financial institutions that can include the bottom poor individuals in the financial service outreach. Therefore, building strong financial institutions is an indicator of financial inclusion.

Based on the United Nations Development Programme (UNDP) report, life expectancy, standard of living and educational attainment are indicators of financial inclusion as measured by income and its purchasing power (World Bank Group, 2014). While the Organisation for Economic Cooperation and Development (OECD) sees exclusion and poverty as interwoven forms of deprivation in the economic, human, political, socio-cultural, and protective spheres. They consider level of poverty as an indicator of financial exclusion (Organisation for Economic Cooperation and Development Working Paper, 2014). It is also widely believed that financial exclusion creates and breeds poverty and vice-versa (Handley, Higgins, Sharma, Bird, & Cammack, 2009). Interestingly, Abraham, (2015) found that, most of poverty eradication programmes are designed to favour both extreme poor and small-scale entrepreneurs in a society, which is in line with the objectives of the financial inclusion strategy. People vulnerable to exclusion may not be limited to those who are extremely poor or disabled. Even people in business may be in form of one exclusion or the other (Demirguc-Kunt & Klappper, 2012). For instance, a well to do individual may involuntarily not have a bank account or one may have a bank account, accessing savings and payments, but may not be accessing credit, insurance, or pension despite the need to do so. Therefore, the extent of financial inclusion may be seen from the level of access to financial services.

Researchers unanimously agree on the importance of increasing financial inclusion in an economy, Joshi & Rajpurohit (2016) show a direct relationship of banked individuals, households, or businesses with higher wealth net worth. This is considerably due to a bugger likelihood for the banked people to financially plan for their future, have mortgages, and take advantage of their savings to hedge price increases. In another study, income, wealth, and education are found to be major determinants of financial inclusion (Dabla-Norris, Ji, Townsend, & Unsal, 2015).

Even though most of the excluded individuals are devising other means for savings like local saving thrifts and credit from family and friends, formal financial inclusion opens ways for further opportunities on investment, capital development, income, consumption smoothening, and improving economic welfare (Brigit Helms, 2006). The financial inclusion drive has led to more inclusive growth, narrowed down the income distribution gap and improved livelihood of households (Organisation for Economic Cooperation and Development Working Paper, 2015). There is also a justified relationship of exclusion and drop in income, as evidenced from the studies of Dizon, Gong & Jones, (2015). Many banked individuals that stopped using their account (dormant account) and became unbanked was due to loss of job or sharp fall of income.

Concentration of financial infrastructure like bank branches and ATMs is partly attributed to geographical location and concentration of people in urban location. This is evidenced by the large number of bank branches, ATMs, and POS in densely populated cities compared to sparsely population areas. Some adults have voluntary and involuntary exclusion as situations warrant (Chowhan & Pande, 2014), while in some countries like China, financial exclusion is significantly voluntary, due to availability and easy access to formal financial services (Fungacova & Weill, 2014).

In a study byf Naceur, Barajas, and Massara (2015), the number of excluded adults in the Muslim world on the ground of religious reasons is relatively higher than other parts of the world. It was expected that Islamic finance can be a means for increasing inclusion. Their findings show that despite growing physical access, the use of financial services does not relatively increase as expected. They found evidence of a link between credit usage to firms and households and the growing motivation to access financial services.

The focus of the global financial index database encompasses a set of indicators that measure how adults save, borrow, make payments, and manage risk, stressing on how a well-functioning financial system serves the vital purpose of offering savings, credit, payment, and risk management products to people with a wide range of needs (Demirguc-Kunt and Klapper, 2012).

Products and channels of financial inclusion are considered as main indicators of financial inclusion. Stein (2010) identified financial products, financial products' features as well as channels of delivery as key dimensions defining the extent of financial inclusion. Malaguti, (2015) added that broader access to financial services like bank accounts, payment terminals, and credit access signifies higher inclusion among individuals. In another study, access to and usage of financial services are important indicators for financial inclusion. Fischer & Sriran, (2002), identify outreach (access) and usage (impact) as important indicators of financial inclusion sustainability.

According to Amidzic, Massara, and Mialou (2014), the instruments used as indicators to measure the extent of financial inclusion are from the dimensions of outreach (access according to geographic and demographic penetration), usage (its impact on number of adults using the services) and quality of financial services (literacy, cost, efficiency, dispute resolution, convenience, and disclosure). Use of outreach (access) as an indicator for financial inclusion means to consider the number of financial institutions' branches per square kilometres, inclusion by gender, economic sector, educational and income level or by the adult population. On the other hand, the indicator of financial inclusion by usage is measured through the impact of financial inclusion on adults' percentage with regulated a bank savings account, credit account, pension account or current policy on insurance, impact of available electronic payment system, percentage of registered or unregistered business enterprises with credit line or loan facility (Ehrbeck, and Holle, 2014).

Quality of financial inclusion requires a high level of financial literacy of individual adults, adherence to disclosure requirements by financial institutions, efficient service delivery, convenience in access to financial services, affordable costs of usage as well as effective means of dispute resolution (Beck, Demirguc-Kunt, and Peria, 2007); (Amidzic, Massara & Mialou 2014). Stein (2010) stressed that ensuring financial inclusion requires not only provision of access to a variety of financial services like savings, credit, insurance, payments, and remittance facilities, but also by providing quality service at affordable prices in a timely and convenient approach by using effective channels of delivery.

The financial inclusion framework according to Demirguc-Kunt and Klapper, (2012) in the global *findex* database requires eight (8) activities for enhancing financial inclusion, which is; know your customer (KYC) framework, banking regulatory framework, financial literacy, consumer protection, electronic payments, and cashless policy, establishing linkages between government and agencies, introduction of credit enhancement schemes and poverty reduction schemes.

Some researchers consider financial literacy as a basic requirement for financial inclusion, because most financially intelligent people control expenses, save, and invest their wealth, and make plans for future and retirement (Lalrinmawia, and Gupta, 2015). Therefore, financial education leads to positive behaviour on financial issues, which benefits the individual as well as a nation at large (Atkinson, & Messy, 2013). On the other hand, people are exposed to poor financial decision and planning due to the absence of financial education, which leads to a low living standard, decreased physical and psychological well-being and a high rate of dependence on government's support for livelihood (Lusardi & Mitchell, 2011).

Kumar, (2015) in her paper on access to financial services in Brazil made a comprehensive assessment on the financial inclusion programme She concludes that access for all is a collective responsibility and a big job to not only government and financial institutions but, an effort of many supporting institutions like the communication sector. To ensure inclusive finance, Egbide, Samuel, Babajide & Samuel, (2015) assert that it is a collective effort of regulators, financial and other supporting institutions to collectively eradicate exclusion.

Financial inclusion requires service providers, clients, as well as functional financial infrastructure, like adequate payment terminals and efficient clearing systems. It also requires transparent information system, internal control and monitoring, technical support services, as well as a supportive regulatory environment, so that at the end of it all, economic activities will increase, and poverty can be eradicated among individuals, (Ngwu, 2015).

Opinions differ on the supposed role of government in financial inclusion. Arun & Kamath, (2015) believe that the government is responsible to provide direct involvement in the form of poverty alleviation programmes, grants, and interest-free loans, while other researchers like Cull, Ehrbeck & Holle, (2014), opined that it is sufficient for government to provide support and an enabling policy environment to commercial financial institutions for inclusion to flourish. They suggest that the success of financial inclusion requires reform minded government and effective financial institutions.

A sound policy on financial education, consumer protection, financial and economic stability and a sound regulatory and supervisory framework may well be helpful in inspiring enterprises and households to use financial instruments. Thus, government as regulators need to support access and usage, more especially through Islamic financial institutions (Mohieldin, Iqbal, Rostom, & Fu, (2011)

Education and technology are considered as important drivers of financial inclusion. According to Amidzic, Massara & Mialou (2014) education drives demand for and technology drives for supply of financial services. Different clients require different financial services and players, for instance, loans from microfinance banks may be enough to micro and small-scale rural farmers, but, as their business is growing, they may require better and more sophisticated financial services from deposit money banks. Many small agribusiness clients prefer opening an account and taking loans from DMB than MFB due to modernised services and cost of loans differentials, respectively. Meanwhile, competition among the financial sector institutions has dramatically shaped interest rates and other charges (Bhowmik & Saha, 2013). Therefore, access to financial services through DMB is imperative to enhance financial inclusion among individuals. Despite challenges of education level, distances to service providers, capital inadequacy and many other personal characteristics of small-scale agribusinesses, efforts should be made by the government, industry players, and financial service providers to explore the emerging opportunities for these entrepreneurs (Gonzalez, Diniz, & Pozzebon, 2015).

2.4.2 Previous literature on banks' financial inclusion implementation process

It was realised from the work of Osabuohien, Efobi & Salami (2012) that some governments and their institutions have a poor attitude and lack the political will to pursue developmental plans. Besides lacking continuity, there is the issue of poor implementation of term-goals and objectives like millennium development goals (MDGs). The government has been promising various forms of incentives to small scale businesses and making huge budgets annually to assist small entrepreneurs. However, the budgets may not be implemented due to economic circumstances or lack of the political will to do so by some selfish officials in government (Obasan, Shobayo, & Amaghionyeodiwe, 2016). There is also a concern over the ability and willingness of stakeholder institutions to collaborate in implementing plans that may promote financial inclusion programmes. On the contrary, privately-owned institutions are mainly aggressive on profit maximisation (NFIS annual report, 2012).

Banks are major outlets that provide financial services to individuals and organisations. Babu, (2016), describes commercial banks as first and most important points for individuals to obtain financial services. Costa, & Ehrbeck, (2015) added that, commercial banks are the main drivers of financial inclusion, and banks are expected to ensure financial inclusion on the course of doing business. Agu (1988) also discussed how banks contributed towards financial intermediation and economic development in Nigeria. In another study, Ghosh, and Ghosh, (2014), describes 'no-frill' bank account services, technology-based banking, financial literacy, consumer protection, and relaxed Know Your Customer (KYC) norms, as strategies for banks to implement financial inclusion in India. Babu (2016), added that despite the availability and need for community banks, rural branches of commercial banks are more important in distributing financial services. He argues that, in addition to financial intermediation, commercial banks provide more diversified services like consumer protection, financial education, and the tried KYC. Banks are also expected to comply with the Know Your Customer (KYC) regulatory framework, which is required to ensure proper documentation and protection (Singh, 2015).

Banks may use agents to reach rural customers and penetrate rural areas, which may particularly assist small agribusiness entrepreneurs (Singh, 2015). The expansion strategy of banks in Kenya involves deployment of rural branches, banking agents, and ATMs across the country, which improves the financial inclusion of Kenyan adults. This deployment of other channels continues, although Kenya has private and government owned commercial banks. In Nigeria, agricultural and industrial banks are in a state of near collapse, leveraging on allocations of government's funds to survive. Nigerian commercial banks are purely profit oriented, deploying financial service facilities for market purposes alone (Allen, et. el. 2014).

Many researchers (Rajan, 1994; Nilsen, 1999 & Thakor, 1996) supported Fama's explanation on how access to financial services from banks impact on entrepreneurs' financial inclusion. Fama (1980) justified the Modigliani and Miller's (1958) theory which asserts that when the financial system, particularly the banking industry is competitive; portfolio management activities are no longer relevant with pure financing decision, if all other assumptions remain constant.

Fama, (1980) used the functions of banks as the intermediary of generating deposits and use the proceeds to purchase securities or lend to clients. He argues that, when there is competition among banks, the pure financing decision must be driven away, since banks are perfect substitutes among themselves in lending to borrowers. Therefore, this necessitates regulatory authorities to impose ceiling and floor rates of interest for various sectors of the economy as a guide for banks to pay, or earn interest on deposits, and lending in respect to prices and real activity respectively (Singh, 2015).

Because of these regulations (ceiling and floor rates), consumers happen to be at liberty to weigh the benefits of banking relationship in terms of rate and convenience with other out of bank business credit such as leasing, hire purchase, trade credit purchase, and cash advance payment. However, these outside bank forms of trade credit have their own risk exposure. Even though they are not determinants of financial inclusion but, so far, they can create indirect lending. Therefore, they become informal financial inclusion agents.

In view of the above, looking at the concepts of Islamic banking financing products, various services can be offered by Islamic banks which look like out of bank credit facilities, such as *Musharakah* and *Mudarabah*. It is therefore, more appropriate to compare the products of the two systems of banking since Islamic banking can offer products identical to trade credit as justified by Fama, (1980). While at the same time, accessing finance from banks also has its own obstacles towards increasing financial inclusion.

Banks as financial intermediaries accept deposits from surplus units with the aim of channelling such surplus funds to profitable investments, as bank lending constitutes one important channel of investing the funds (Thakor, 1996). Adedoyin and Shobodun (1991) (p.12) state that, "lending is unquestionably important in banking business, it is an agent of increasing financial inclusion. Thus, financing management involves strategic analysis on the part of the bank's executive; this is obvious due to the large deposit they mobilise that is waiting for return in the form of interest or profit sharing". Therefore, there is need for realistic policy formulation and application to generate deposit funds, use these funds to generate income, while maintaining safety and liquidity in their intermediation role (Hardianto, Hardianto, Wulandari, & Wulandari, 2016).

However, despite the importance of extending the banking services in advancing financial inclusion, banks exercise caution in their intermediation function by scrutinising the viability and trustworthiness of projects and clients respectively (Akin-Fadeyi, 2015). The expected return on the business relationship, as well as other external factors are considered to ensure appropriate returns on depositors' funds (Agu, 1988). Customers on the other hand, consider financing accessibility, business viability, returns, benefits, and other external factors as well, before requesting for credit. According to Adedoyin & Shobodun (1991) and Haron (2004), the ability of commercial banks to enhance financial inclusion depends on its profit, capital, liquidity, branch strength, size, customer base and location.

Banks always consider the risk associated with working capital loans, despite the bank's satisfaction with client's and business integrity. Additionally, banks consider their current financial worth, loan portfolio, industry or sector risk assessment, interest rates, government regulations and cost benefit analysis before disbursement of loans (Rajan, 1994). According to Hubbard, Kuttner and Palia (2002), the bank's ability to meet the financing requirements of its clients depend on its financial health. Their finding among conventional banks is that, banks with a low capital base charge higher interest rates than those banks with a high capital base because of information cost associated with switching lender by borrowers. However, this finding has not been tested on Islamic banks.

Olumuyiwa, Oluwatosin & Chukwuemeka (2012), found that, among the determinants of commercial banks' lending behaviour (such as; volume of deposits, average exchange rate, interest on lending, cash reserve requirements, investment portfolio and GDP at current market price), there is a greater positive relationship between allocation of loans and advances with the banks' volume of deposits, cash reserve requirements, and exchange rate. The GDP also shows a positive relationship with the volume of lending. On the contrary, banks' lending behaviour shows a negative relationship with investment portfolio and interest on lending rate, even though all the above variables show a long-term positive relationship with loans and advances. Olumuyiwa, Oluwatosin & Chukwuemeka (2012), insisted that, there is a need for banks to mobilise more deposits and improve their lending management and credit policy to improve their intermediation. They also showed that commercial banks have a major role to play on their lending towards facilitating financial inclusion, even though some issues like GDP and exchange rate are external factors beyond their control.

Brown (2014) found that, unfavourable news about banks' strength leads to erosion of public confidence in the banking system, hence, affecting its role of enhancing financial inclusion. Commercial banking, according to Mamman & Hashim, (2014) is the major player with 90 per cent dominance of financial systems. However, its contribution to national growth and development may be insignificant and below expectation. Furthermore, once confidence is lost in banking system, efforts towards achieving financial inclusion may also suffer. According to Stevenson, & Pond, (2016), lending decisions of banks affects their process of giving out loans/financing, which also affects the extent of enhancing financial inclusion, as discussed below.

2.4.3 Previous literature on banks' process of giving out loans/financing.

While studying bank's process of giving out credit to agribusinesses, many researchers made various discoveries. Ibrahim, & Bauer (2013) discovered that there are persistent problems facing banks in giving out credit to rural farmers in the dry lands of Sudan. They suggest that the volume of loans from banks cannot make a significant impact on loan users' farming productivity unless efficient and sustainable application of new technologies is improved for better profits.

In a study by Bashir, Mehmood & Hassan (2010) to assess the impact of credit from lending institutions, their findings show that despite the significant impact of institutional credit on rice productivity, rice farmers find it difficult to access credit from banks. This indicates that bank credit is not easily accessible for rice farmers. In another study by Bashir, Gill, & Hassan (2009) about loans disbursed to wheat farmers by commercial banks, their findings show that credit has an impact on the productivity of wheat. Hence this can be a tool to improve agricultural productivity. While measuring lending schemes' efficiency in agriculture, Obasi, (2015) viewed the schemes to examine their impact on input-output and income of loan beneficiaries of small-scale agribusiness. He found out that, borrowers with higher level educational qualification access financing more efficiently than borrowers with lower level educational qualifications. He finally recommends that the government needs to intensify efforts to see that agricultural entrepreneurs access more funding as well as financial education.

According to Santikian (2014), the lack of access to financial services from banks may be connected to various issues like the banks' strength and risk assessment, macroeconomic determinants, clients' collateral, and business plans as well as the clients' behaviour towards loan repayment and perceived impact of the loans on clients' business. Beck & Demirguc-Kunt (2008) assert that an effort to study financial inclusion is very important particularly in relation to access to finance.

Various researchers (Schauer & Soden, 2011; Akpan, Patrick, Udoka, Offiong & Okon, 2013) have been studying issues related to why and how funding is made accessible. The studies concentrated on lenders' and borrowers' financial characteristics like the financial strength of the borrowers and the depth and efficiency of the lending banks, and they show many evidences against access to funding from these characteristics. Despite the evidences on the financial characteristics and recommendations given, the problem did not change substantially.

Harisa, (2013), Kohansel, Ghorbani & Mansoori, (2008) as well as Akpan, Patrick, Udoka, Offiong & Okon, (2013) reviewed the clients' specific determinants in access to financing. They all concluded that issues relating to the banks' financial strength, risk, and liquidity management and client's business strength and proposals, issue of collateral or guarantee as well as macroeconomic circumstances affect the chances of accessing financing from banks, and the issues above seriously affect the viability of financial inclusion.

Ajah & Ofem (2014) did an analysis of loan repayment and creditworthiness of loan beneficiaries in poultry agriculture. They concluded that the level of education, farm size and income does not determine loan repayment intention and creditworthiness. Rather, there is a need to study attitudes of farmers on the issue of borrowing. While relating borrower's attributes in small scale businesses to loan repayment ability, Kabir, (2015) identified some variables like: loan amount, borrower's experience and age, terms of lending, borrower's income, property worth and nature of business as factors influencing repayment's ability.

While Dutta & Magableh, (2006) studied socio-economic factors affecting process of small-scale bank financing to entrepreneurs. Their investigation shows that, repayment ability, application cost and level of borrower's knowledge of application process are major problems of borrowing process in Jordan. In another study conducted by Mills & McCarthy (2014), on small-scale business's access to loans, they found that small businesses suffer more from financial institutions than the larger firms in documentation process before full-time bank lending process. Also, in the findings of Frame, Srinivasan & Woosley (2001) when studying the effect of credit scoring system in U.S., they found that while credit scoring creates easy access to information by lender about borrower, thereby reducing information processing cost and long period banking relationship to enable client access loans, hence, increasing a chance for repayment. However, banks in Nigeria does not have facility to access customer information through modern credit scoring information system.

Nangaki, Namusong, & Wandera (2014) realised that banks consider enterprises that keep a good financial information record, have long years of experience, managerial competence, and has collateral as a security in giving out loans/financing to financing small-scale enterprises. Firms with above characteristics has a better chance of obtaining loans than firms with deficiency in any of the above variables, they suggest that lenders should be more liberal and compassionate in financing conditions.

While Stephen, Apollos, & JE (2016) studied the extent to which deposit money banks discharged their obligation of financing small scale businesses, their results show that banks' loans to small businesses is inadequate and there is no relationship between the banks' loans disbursement and small businesses growth. This shows that more needs to be done to increase access to financing. Isern, Agbakoba, Flaming, Pellegrini & Tarazi (2009) looked at the overall provision of finance to small scale enterprises and made a statistical analysis from regulatory bodies. In their finding, the overall access statistics shows lower participation, accessibility, and output of lending in northern Nigerian agribusinesses.

In the study by Akudugu, Egyir & Mensah-Bonsu, (2009) where they examine access to credit by women farmers in rural Ghana, their result shows that 44 and 56 per cent credit from rural banks in Ghana goes to women and men respectively, which shows no gender discrimination in the lending process. They identify level of education, procedures for application, land/farm size, level of income, membership of association, average savings account's balance, interest rate, type of farming and proximity as variables influencing access to lending.

In another study, Treichel & Scott (2006) established evidence in the U.S. that gender discrimination in access to financing is not as prominent as some people expect. They found that men apply for loans and for bigger amounts than women and women have a greater preference for maintaining control of their business. In other relevant studies about the impact of gender on access to financing, Buttner, & Rosen, (1992) found that there is myth and attrition about gender discrimination on loan rejection/acceptance in the loan assessment process. Their study confirms that female applicants are more likely to attribute loan rejection with gender bias, while male applicants mostly believe that loan rejection is usually due to faults in business plans.

Van Hulten, (2012) compared access to finance by gender. His findings show that gender difference does not have an influence on the loan denial probability, there is no gender sensitivity or financial constraint by women on lending process. Both males and females do not have difference in access and type of financing needs. In another study by Kwong, Jones-Evans & Thompson, (2012) where they examine the perception difference in terms of gender access to financing, they realise that substantial percentages of women feel constrained that there are many barriers to their access to financing than their male counterparts. They therefore, suggest that women should be enlightened and encouraged about accessing loans, more especially start up financing.

Bakare, Isaac & Samuel (2015) compared bank credit and economic growth. They found that the amount of credit to the private sector is positively and significantly influencing economic growth. Alabi, Lawal, and Chiogor, (2016) show that up to 31% of farmers are accessing credit in the Gwagwalada area council of Abuja. The higher figure of 31% was due to Gwagwalada being an area near the federal capital territory of Nigeria, and the percentage comprises access to credit from both DMB and MFB.

In another study of access to financial services, Muasya & Kerongo (2015) considered the impact of agency banking in channelling financial services. Their findings show that cost associated with agency banking and lack of awareness of financial services creates impediments to financial inclusion. Hence, there is a need to increase proximity to banking services and financial literacy.

According to the findings of Abdul-Rahman and Nor, (2016), Islamic bankers face a lot of challenges in providing profit and loss sharing financing contracts, such as selecting appropriate partners, risk analysis, credit worthiness, and availability of collateral by borrowing customers. These challenges and many others are more prominent in agricultural sector financing. These challenges may be due to Islamic banks' inefficiency or size. Misman, Bhatti, Lou, Shamsudin, & Rahman, (2015) found that credit risk is related to their operating expenses and fee-based income to total operating income. They also found that, credit risk and financing quality are significantly related in Malaysian Islamic banks.

In any credit contract, be it Islamic or conventional lending, lenders are more interested in proper structuring, loan agreement, documenting, approving, disbursement, and monitoring to safeguard shareholders' funds from undue loss. Meanwhile, only lenders are interested in credit scoring and screening activities (Ugoani, Emenike, & Ben-Ikwunagum, 2015). Yet, the major challenges facing bankers and entrepreneurs in giving out financing to entrepreneurs are challenges related to banks' scoring based on 5Cs of credit.

2.4.4 Previous literature on challenges faced by small-scale agribusiness entrepreneurs in enhancing financial inclusion

Central banks all over the world emphasize on agricultural sector growth and providing various intervention scheme and programmes (Wadud, 2013). Micro, small, and medium enterprises (MSMEs) and agricultural sector are recognised as a driving force for economic growth and development in sub-Saharan Africa, particularly Nigeria, where the contribution of agriculture and MSMEs to GDP amounts to 40 and 46 per cent respectively (National policy on MSMES, 2014).

Agriculture and MSMEs sectors have more chances of boosting productivity, employment creation, income generation, and national savings, if technological innovativeness is used to develop local enterprises. Even though the agricultural sector accounts for 40% of Nigeria's GDP as at 2015 and it is the highest employer of labour, loans to the agricultural sector from DMB accounts for only 2.5% of total lending. Over the years, the Central bank realised that there is a financing gap of about N10 trillion to MSMEs, and 50% of this financing needs is in the agricultural sector (EFInA survey report, 2016).

Santikian (2014) asserts that to enhance financial inclusion, loan accessibility by MSMEs and agriculture is necessary. Small scale agribusinesses are also found to be more vulnerable to location problem, under-capitalization, bankruptcy, and natural disasters (Osotimehin, Jegede, Akinlabi & Olajide, 2012).

According to Paul (2013), agriculture as a vital sector of the economy needs to actively compete for credit access, but it cannot be possible through the market forces interaction, due to the challenges of poor credit worthiness. Farming in Africa is basically remote in nature, and it faces several challenges. This include poor technology uptake and innovative tendencies, low human capital development, inadequate information and education, poor market access, competition from foreign finished products, poor integration of the production value chain and the increasing numbers of fragmented small holder farmers (Paul, 2013).

Alabi, Lawal, & Chiogor, (2016) in their study identified dis-incentivizing policies to agricultural sector, land tenure systems and the population's over dependence on small parcels of land, land fertility degradation due to over cultivation and deforestation, parlous and inadequate infrastructure like power supply and irrigation canals as the major challenges of small agribusinesses. Awokuse & Xie (2015) also identified the high cost of financial services, which reduces affordability due to unbearable fees, charges, and other requirements, inadequate financial infrastructure like physical access to bank branches, which is evidenced by low banking branch density of less than a branch per 10 Km distance as part of the reasons why 79% of rural dwellers are unbanked in Nigeria.

According to Bakare, Isaac, & Samuel (2015), small-scale agribusiness sector is slow in integrating into an organised formal sector, coupled with poor coordinated efforts among the three tiers of government on MSMEs, as well as weak institutional capacity of rural financial service providers like rural microfinance institutions. These are the major challenges to the agribusiness sector.

Olumuyiwa, Oluwatosin & Chukwuemeka (2012) identified literacy and financial strength as challenges of small agribusiness entrepreneurs' access to small business financing. On the other hand, Schauer & Soden (2011) as well as Rajan (1994) realised that entrepreneurs are not willing to accept stringent conditions of banks to access financing.

A study by Abiara, & Arosanyin, (2014) shows that small-scale entrepreneurs are accessing their lending from family and friends as sell as cooperative societies rather than microfinance, commercial and development banks. In another study by Padachi, Howorth & Narasimhan (2012), small scale businesses prefer financing from other sources than banks. They prefer informal short-term sources like personal savings, friends and relatives, and other peoples' contribution as partnership.

Apart from the financial strength of the borrower and lender, other issues may also influence accessibility to financial service. Hens & Bachmann (2011) related the attitude of small-scale agribusiness borrowers in a lending process and their behaviour towards use of funds and repayment. This in turn affects his business profitability and business growth.

A study by Schauer & Soden (2011) revealed that there is high rate of loan denial among young and minority owned firms than their larger counterparts. They identify how young and minority owned firms keep financial records, the size, age and legal structure of the firm, the industry where the firm belongs, its geographical location as well as the gender, race, ethnicity of the owner as variables affecting loan approval/denial rates. Another finding by Padachi, Howorth & Narasimhan, (2012) shows that, it is only the gender, that did not have any influence on chances to accept/reject loan request.

Similarly, in investigating factors determining customers' intention to patronise financial services, Harisa, (2013) uses the influence of social groups, religious obligation, attitude, and pricing. Her findings show that pricing of Islamic financing product is an insignificant predictor of intention to apply for Islamic financing products. Religious obligation plays an important role, instead. This finding may be the reason some Nigerian conventional banks opning Islamic windows in recent times. Although, the study was conducted in Alor-Star, in the Northern part of Malaysia, where Islamic banking existed since 1990, Muslim constitute an overwhelming majority and there is a lot of awareness of Islamic banking products.

Likewise, Kohansal, Ghorbani and Mansoori (2008) suggested that longer repayment period and a greater number of instalments motivate the desired credit investment in agriculture. They used the amount of loan received, age, level of education, family size, non-farm income, farm land, farm income, number of instalments, number of savings and previous investment as their independent variables. They assert that the relationship between access to finance and investment is unambiguously positive and that long-term credit has a direct relationship with investment volume. They also confirmed a positive impact of farmers' access to credit, more especially if the gap between financing request and disbursement (Access time of credit) should be decreased through efficient disbursement.

Akpan, Patrick, Udoka, offiong & Okon, (2013) examined the general accessibility of funding by clients among poultry farmers. Using independent hurdle model, they found out that access to credit will be easier and faster if farmers can form cooperative societies. They assert that individual loan request is influenced by age of a farmer, household size, farm size, farmers' level of education, gender of the farmer, membership of social group, number of contacts with extension agents and distance of borrower from the lending source.

Over the years, lenders have been relying on credit scoring analysis to determine a viability of extending loans to prospective small-scale borrowers (Frame, Srinivasan, & Woosley, 2001). Previous research findings show that the use of credit analysis based on the 5Cs of credit in small, medium, and large-scale businesses' lending is amazingly increasing (Baiden, 2011). Moreover, the scores employed tend to be a credit score on the small business owners, which include data on the firms as well as on the owners, rather than small businesses' credit scores. Lenders give the same treatment in lending to small-scale businesses as personal/consumer loans (Ang, Lin, & Tyler, 1995). Banks usually insist on collateral or personal guarantees from business owners (Nwankwo, 2013).

Lufburrow, Barry, & Dixon (1984) realised that borrower's credit worthiness and character, profitability, solvency, liquidity, favourable conditions, collateral worth, ability to repay are the major concern to lenders. Additionally, Barry & Ellinger, (1989) identified that lenders and borrowers have different priorities about credit scoring variables in access to financing.

Adeniran, (2014) shows that small agribusiness entrepreneurs are the most financially excluded business sector in Nigeria, due to a lack of supervision and implementation by the central bank as a regulator, as well as lack of financial institutions' dedication as implementers, respectively. Consequently, small-scale agribusinesses rely on their savings, and private money lenders to access financing (Ekpenyong, & Nyong, 1992).

Yawe & Prabhu (2015) added that, other supporting stakeholder institutions, like the telecommunication sector lack serious dedication towards financial inclusion, which lead end users to be confronted with a lot of challenges of poor infrastructural facilities in the delivery of financial services across the country. Costa, & Ehrbeck, (2015) identified lack of market building approach to enhance financial inclusion as a major challenge to entrepreneurs.

When central banks realised the challenges of MSMEs and agricultural sector are enormous and can hinder access to financing, the introduction of intervention programmes became necessary. The intervention programmes involve financing, capacity building, enabling laws and policies, and infrastructure. Central banks introduced various interventions as a strategic mechanism to expand access to financing and stimulate credit to the real sector and the financially excluded individuals (Adeniran, 2014).

Even though, there are various research investigations on comparative study on Islamic and conventional banks, it is worth noting that the focus of the study is not the same. Due to the peculiar nature of northern Nigeria, the investigation has a unique attraction in the study area. Based on the literature review, there is little likelihood that research has been conducted in the study area and most of the studies on Islamic banking do not delve deeply into financial inclusion. Even if other studies exist, financial inclusion is a continuous and dynamic process; hence, the need for this research work. The application of even the most familiar topics of financial inclusion and access to financing is applied in different situations by looking at financial inclusion from the perspective of small agribusiness entrepreneurs. It is expected that at the end of the study, it can make a significant contribution to knowledge.

2.5 Summary of the chapter

In this chapter, the researcher conceptualised a framework suitable for illustrating the overall research process, which reflects the objectives of the study. Themes are developed and discussed based on the conceptual framework. Theories related to indicators and requirements for financial inclusion, bank financing, microfinance, Islamic and conventional banking are used as underpinnings to justify appropriateness of this study. In review of previous literature, indicators and requirements for financial inclusion, financial inclusion implementation process, commercial banks' process of giving out financing, as well as challenges confronting small-scale agribusiness entrepreneurs in enhancing financial inclusion were discussed. Previous literature is reviewed to identify the extent of research done on the subject, and a knowledge gap is established in the study of the financial inclusion strategy in Nigeria.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

The previous chapter discusses the concepts, theories, previous literature, and themes on which the participant's opinion can be based and be used for analysis and report writing. This chapter discusses the overall design used in the research study, which shows how the research was conducted, from idea conceptualisation to report writing, such as the methods, process, type, time, place, and rationale for doing what is done in this research.

The chapter discusses inductive qualitative research design as found to be more appropriate in this type of study. The chapter also discusses the method used as an in-depth unstructured interview from three sets of participants as deemed appropriate to gain more knowledge of the field. The chapter also explains how participants were chosen from the population, interview protocol, validity and reliability of the data collected to ensure trustworthiness, and finally explains the procedure used for data management and analysis.

3.2 Research design

The approach for this research is the inductive research design. It is used on the entirety of the research process from beginning (formulating a research issue or problem) to the end (report writing), including data collection and analysis, so that an idea can emerge from the data, to build a theory or concept, in accordance with Yin, (1989) and Bogdan, & Taylor, (1975).

3.2.1 Inductive research

Inductive research design was applied as a series of logical activities that connect the overall empirical data by observing phenomena, developing, and analysing patterns and themes to formulate a relationship, then develop theory in conclusions. This is done within the hitherto research problem and questions designed at the initial stage, design features, theoretical, conceptual, and philosophical explanations to ensure quality and originality of the study (Creswell, 2013). Data can be collected using the cross-sectional, longitudinal, case study or experimental design. The researcher collected data one-time by cross-sectional design.

The research design of this study encompassed analysis of some issues that are assumed to affect agribusiness entrepreneurs' perspective in the context of access to financial services. This is in the course of being financially included by conventional and Islamic banking. This can be in the form of comparative study, through inductive process where theory may emerge afterwards. Data was gathered from documents and by conducting a series of interviews with various stake holders in the research process (Creswell, 1998). In this study, a sample of bank managers, credit officers in commercial banks, and agribusiness entrepreneurs were interviewed in-depth, by focusing on meaning by informants, and understanding what was happening in the financial inclusion process, to develop ideas through induction from the real world's situation (phenomenologist) approach.

The purpose statement in qualitative research can be phenomenological, case study, ethnography, or grounded theory. Phenomenological approach was chosen for this research, due to its philosophical and methodological strength of uncovering and understanding of financial inclusion as a phenomenon from the informants' perspective. Phenomenological research was also used here because an inquirer makes knowledge claims based largely on multiple meanings financial inclusion makes from various participants' experiences that are socially and historically constructed, with the intent of developing a theory or pattern (Yin, 2003; and Faithfull, 1997). The researcher may collect open-ended emerging information from participants, with the primary intent of developing themes from the collected data (Neuman, 2000).

Phenomenological qualitative research approach is the use of naturalistic approach to understand a phenomenon in a context specific real-world setting, without the researcher manipulating the phenomenon (Patton, 1990). Langdridge, (2008) (p.46) also defines phenomenology "as a qualitative method that aims to focus on people's perceptions of the world in which they live in, and what it means to them; a focus on people's lived experience". The aim of phenomenological approach is to deeply penetrate experiences of informants and to be explicit in concluding a phenomenon based on the original experience of the individuals interviewed (Brinkmann, & Kvale, 2008).

The qualitative research approach adopted in this study was participatory and knowledge driven philosophy through open ended interviews with textual, audio-visual and image data collection and recording. The researcher positioned himself as doing research with people, collected participants' meaning while focusing on a single phenomenon or concept (financial inclusion).

Phenomenological qualitative research approach was selected for this research because of the match between the research problem and the qualitative approach. In this study, the concept of comparing financial inclusion in Islamic and conventional banking was explored based on how participants understood phenomena (financial inclusion of small-scale agribusiness entrepreneurs).

3.2.2 The purpose of the research design

Purposes of research are classified as; exploratory, explanatory, and descriptive (Marshall and Rossman, 1999) and (Wilkinson, 1991). Exploratory was the major intent (the purpose) of this study because it aims to explore participants' views with the intent of using these views to develop a theory. Inductive research is innately exploratory in nature (Creswell, 2002). Thus, this research adopted a qualitative method with the exploratory purpose of identifying important issues in financial inclusion from multiple informants' perspective. The qualitative exploration of financial inclusion was made by collecting data among financial inclusion stakeholders in 2016, so that, themes could be developed to generate theory.

Exploratory research method was found to be more appropriate to the issues of financial inclusion in this research, because, it is dynamic and country specific, as in accordance with Guba & Lincoln, (1994). Lincoln & Denzin, (2003), added that, exploratory qualitative enquiry is suitable for studies that aim at theory building and inquiry is supposed to be exploratory when the researcher does not initially identify important variables to examine. This type of approach may be needed because financial inclusion is relatively new, and it has never been addressed with a certain sample selection (Morse, 1991). This means that not much has been written about the financial inclusion, from the perspective of the population being studied, and the researcher was seeking to listen to participants, and build an understanding based on their ideas.

The researcher discovered that, there was need to find out what is the reality of financial inclusion, particularly inclusion of small-scale agribusiness entrepreneurs. This enquiry required exploration, due to inadequate information from agribusiness entrepreneurs about the phenomena. Even if information existed, financial inclusion is a continuous process, and every day inclusiveness may likely change (increase or decrease). Therefore, it is scientifically appropriate to explore what was happening, to evaluate and understand in depth, about current financial inclusion issues. This research work explored the issues of financial inclusion intensively from the supply and demand sides of financial services, by interviewing the policy makers, implementers, and target beneficiaries of the strategy.

There was also a need to explore the concept or phenomenon (financial inclusion) since no important variables was known to be examined and little was known about financial inclusion of small-scale agribusiness entrepreneurs in northern Nigeria. This topical issue also needed to be explored using the qualitative approach if one considered the fact that the issue needed to be understood from the perspective of clients, implementers, and regulators of financial inclusion (Creswell, 2013). Another consideration added by Creswell, for selecting qualitative approach is the researcher's reflection, experience, and interest in financial inclusion issue. It was discovered by Blaikie (2010) that qualitative inquiry is a better approach to explore contemporary issues or areas not yet thoroughly researched, while to the best of researchers' knowledge, this area was not thoroughly researched, particularly in this context. It is also more suitable to discover relevant issues affecting financial inclusion through qualitative enquiry that can be tested later as variables through quantitative forms of research (Faithfull, 1997).

3.2.3 Approach for data gathering used in this study

Use of exploratory research as an appropriate research design as discussed above, can be justified by the strategy used in the research process. The researcher started by exploring the theoretical and conceptual revisions of the study area, then the researcher explored the study in-depth, first from library research and realised that the study area is contemporary and appealing, due to its current realities in respect to economic development. After understanding the theoretical issues of the area, the researcher went in-depth to understand the practical background of the field from the AFI documents, Central banks documents, other banks' archive, financial inclusion strategy documents, and other reports of private analyst, researchers, and observers. From library exploration, the researcher recognised the study themes and patterns that are likely to be important in understanding the phenomena of financial inclusion strategy, which were used as the basis for field work.

With the objective of answering the research questions of this study, the opinions of various categories of people were sought. Therefore, the field work research interview was categorised into four areas. Firstly, to understand indicators and requirements to achieve financial inclusion objectives, data was sought from various online and print documents (content analysis). While banks are acknowledged as very important in achieving financial inclusion objectives, bank managers were interviewed to understand banks' implementation process of financial inclusion. It is also realised that access to credit facilities is very crucial in implementing financial inclusion, therefore, account officers responsible for handling credit issues of those commercial banks were also interviewed, to understand banks' process of giving out credit/financing to small-scale agribusiness entrepreneurs. Lastly, small-scale agribusiness entrepreneurs were interviewed to understand the challenges they were facing on the process of being financially included. This data collection strategy is summarised in figure 3.1 below.

After collecting all the relevant data discussed above, the data management process was carried out by the researcher through collecting, preparing, and sorting the interview documents in the form of notes, audio, and video records from the informants, and the data was transcribed and later coded for easy uploading on the NVivo software.

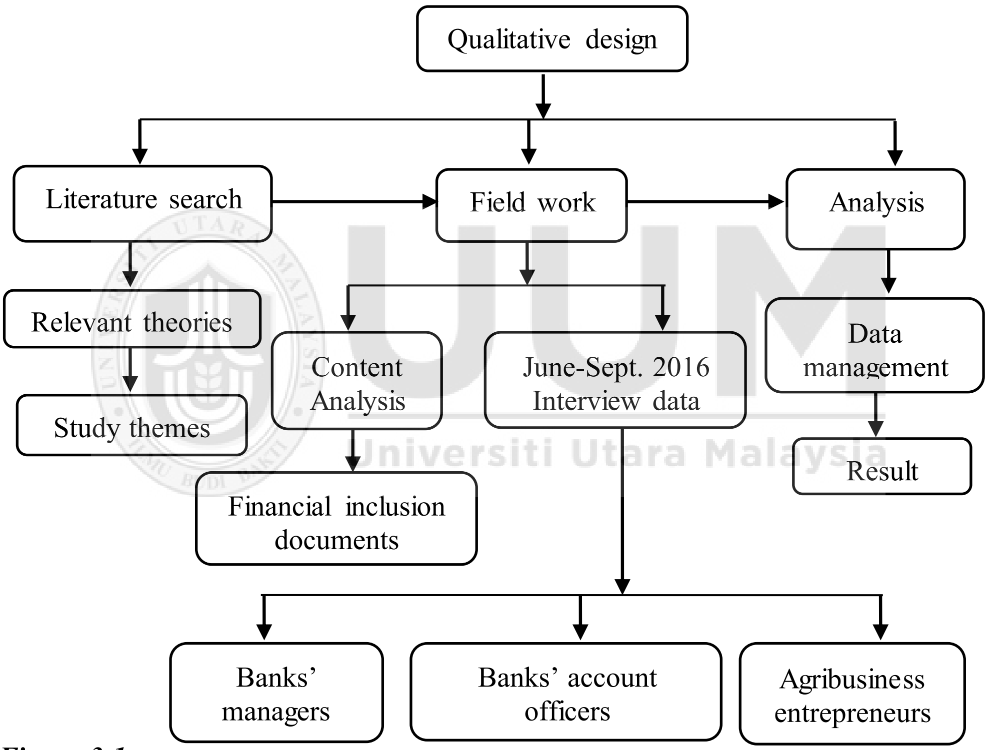

Figure 3.1:
Research strategy for data gathering used in this study

3.3 Population and sampling techniques

The target of financial inclusion cuts across all countries, all adults of all geo-political regions, all sectors of the economy, all categories of gender, and all income class of individuals. For this study, the population can be narrowed down to stake-holders of financial inclusion in northern Nigeria, particularly bankers and small-scale agribusiness entrepreneurs. This is because, Islamic banking is only obtainable in northern Nigeria, and the region is dominated by Muslims with few Christians, and the majority of people are engaged in small-scale agribusiness activities, as explained in Chapter One. Therefore, samples were taken among the above population.

3.3.1 Population of the study

The population of this study were bank managers, account officers, and Muslim small-scale agribusiness entrepreneurs who engage in various forms of agricultural activities obtainable in northern Nigeria. National policy on MSMES defined small scale business as an enterprise with a labour size of between 5-100 workers or a total cost of not more than N50 million, including working capital but excluding cost of land (Oni, & Daniya, 2012). SMEDAN Act, (2003), defined small-scale business as comprising of micro and small businesses together (Oni, & Daniya, 2012).

Small agribusinesses are usually privately owned and operating as sole proprietorships while a few are operating as partnership businesses (Ekpenyong, & Nyong, 1992). However, the findings of Ang, Lin, & Tyler (1995), show that small scale businesses hardly distinguish between their personal (owner) and business interests. The majority of farmers in northern Nigeria are small-scale agribusiness entrepreneurs and they are contributing significantly to Nigerian GDP. The informants were chosen from the population with this characteristic, as discussed in sampling process below.

3.3.2 Sample of the study

Qualitative research experts did not decide on precise or definite numbers of participants for the sample, as the researcher is at liberty to make an appropriate decision (Sandelowski, 1995). In a similar circumstance, Patton (1990) claims that there is no rule in qualitative research as per the range or number of participants that can be deemed appropriate. Likewise, Eisenhardt (1989) recommends that participants should be added to a point at which "theoretical dissemination" is attained. Although, Eisenhardt (1989) put into consideration the constraints of funding and time in postgraduate research, where he prepares a guideline for postgraduate students to plan their program. He used his experience to suggest a total number of 4 till 100 participants. He added that a number fewer than 4 participants will be frequently difficult to generate theory, and the empirical basis for generating theory would unlikely be persuasive. Hedges (1985) set a maximum of 100 participants due to the cost implication of the qualitative interview process and effective assimilation of the quantity of qualitative data.

In this research study, non-probability purposive sampling was used to select interview participants. Purposive sampling is appropriate when a researcher is selecting informants with some important features or characteristics, from extreme situations. The researcher realised that it was better to purposively select informants that have knowledge of the population, elements, phenomena, and capable of providing information required, based on the aims of the research (Marshall & Rossman, 1999).

To achieve the research objective or answer the research questions, the researcher recognised four sets of informants who are suitable to be interviewed. These informants were selected from the financial inclusion secretariat in CBN, commercial banks, and small-scale agribusiness entrepreneurs. The informants selected were found to be in a better position to answer the research questions. Thus, informants of this research were categorised and discussed below.

3.3.2.1 Content analysis of financial inclusion documents.

At the beginning of this research, some staff of national financial inclusion strategy (NFIS) secretariat in central bank of Nigeria (CBN) were selected to be interviewed. NFIS secretariat in CBN is an office responsible for coordinating all financial inclusion strategy related activities in Nigeria. Therefore, they are the appropriate office to inform the researcher about financial inclusion indicators and requirements, which are in line with the first research objective of this study, as justified in table 3.1 below.

The Director in charge of NFIS secretariat's activities suggested that, one participant (data management officer) can give all the required information, without a need for additional informants. The interview was conducted with one NFIS staff. However, after the interview process, the researcher asked the participant for any additional information or hint, that could be helpful in this research. The participant advised the researcher to refer to CBN, NFIS, AFI, EFInA, and other financial inclusion related print and online documents, suggesting that many reports can be obtained in relation to the subject area. Based on the above advice of the NFIS staff, and the scantiness of the information obtained from the interview, the researcher resolved to use content analysis of financial inclusion documents to obtain a more detailed data as shown in figure 3.1 below.

Table 3.1:

Type, source, and use of data gathered for content analysis.

Research objectives	Type of data	Source of data	Use of data
1. To identify appropriate indicators and requirements that measures the extent of financial inclusion	Secondary data: Content analysis	Content analysis of financial inclusion documents	To identify comprehensive indicators and requirements for financial inclusion

To strengthen the validity of the outcome of this content analysis therefore, the researcher compared the findings of this research with interview data obtained from the NFIS data management officer as well as indicators and requirements (KPIs) used in Nigerian financial inclusion strategy.

3.3.2.2 Three DMB (commercial banks) branch managers

Deposit money banks (DMB) also called commercial banks as important business offices for implementing financial inclusion. Three DMB managers were interviewed to understand the implementation process of financial inclusion by DMB, which is the second objective of the study. It was realised from literature and NFIS documents that, DMB are essential in implementing financial inclusion. Therefore, managers from selected banks were interviewed to understand their approach to implementing financial inclusion, which is in line with the second research objective of this study, as justified in table 3.2 below.

Table 3.2:
Type, source, and use of data gathered.

Research objectives	Type of data	Source of data	Use of data	Participants' coded name
2. To identify financial inclusion implementation process by banks	Primary data: By in-depth interview with three bank managers	FBN Plc. Bank manager	To identify FBN bank's approach to implementing financial inclusion	Participant 2 FBN BM
		UBA Plc. Bank manager	To identify UBA bank's approach to implementing financial inclusion	Participant 3 UBA BM
		Ja'iz bank Plc. Bank manager	To identify Ja'iz bank's approach to implementing financial inclusion	Participant 4 JAIZ BM

The researcher crosschecked the bank managers' responses and entrepreneurs' responses in Theme 2 and Theme 4 respectively, to verify the responses of bank managers on their banks' financial inclusion implementation process. This cross-reference of feedback is done in Chapter 5 of this research work. The purpose of this cross-reference of feedback is to point out the bank managers' biasness in an effort to defend their banks.

3.3.2.3 Three account officers handling credit in DMB (commercial banks)

Account officers are relationship managers (staff or agents) responsible for coordinating banking relationship between the bank and its customers. Three account officers (staff) were identified and interviewed, to understand the process of providing financing from Islamic and conventional banks to deserving entrepreneurs. This interview was conducted in-line with the third objective of the study. The selection of the three account officers was based on the recommendation and reference by branch managers of the selected banks (FBN, UBA, and Jaiz banks). The branch managers considered the selected account officers in their respective banks as appropriate officers, capable of giving adequate and correct information about access to financing. This interview is required to answer the third research question of this study, as justified in table 3.3 below.

Table 3.3:

Type, source, and use of data gathered from bank account officers.

Research objectives	Type of data	Source of data	Use of data	Participants' coded name
3. To identify banks' processes	Primary data: By in-depth interview	FBN Plc. Account officer	To identify process of giving out financing in FBN Plc.	Participant 5 FBN Account officer

of giving out financing	with three account officers handling credits	UBA Plc. Account officer	To identify process of giving out financing in UBA Plc.	Participant 6 UBA Account officer
		Ja'iz bank Plc. Account officer	To identify process of giving out financing in Ja'iz bank Plc.	Participant 7 JAIZ Account officer

The researcher crosschecked the account officers' responses and entrepreneurs' responses in Theme 3 and Theme 4 respectively, to verify the responses of bank account officers on their banks' process of giving out financing to small-scale agribusiness entrepreneurs. This cross-reference of feed-back was done in Chapter 5 of this research work. The purpose of this cross reference of feedback is to point out bank account officers' biasness in an effort to defend their banks.

3.3.2.4 Eighteen small-scale agribusiness entrepreneurs

These participants are small-scale agribusiness entrepreneurs engaged in various farming practices like maize and rice cultivation, groundnut and rice mill processing, poultry, fishery, animal husbandry and vegetable irrigation farming. In this study, small-scale agribusiness comprised of both micro and small-scale business entrepreneurs who operate (registered or non-registered) businesses in agricultural sector, with less than N5M total assets and less than 10 employees (Micro) or less that N50M total assets and less than 50 employees (small), respectively. This definition followed the one put forward by SMEDAN. Considerable numbers of agribusiness entrepreneurs in northern Nigeria fall within this (small-scale) category, and they do not fluently speak nor understand English. Therefore, interviews with agribusiness entrepreneurs were conducted in the Hausa language, with the aid of a Hausa-English language expert.

Eighteen small-scale agribusiness entrepreneurs were identified and interviewed. Sampling among small scale agribusiness entrepreneurs was purposively done to select informants based on the following three categories. Firstly, was to get unbanked entrepreneurs. Secondly, was to get banked entrepreneurs who did not access credit and lastly, to get banked entrepreneurs who do not access credit from banks. The selection also cut across informants from all forms of agribusiness activities. Small-scale agribusiness participants were also selected based on the system of banking they did business with, to obtain the experience of clients from both Islamic and the conventional banking system.

The researcher restricted the number of small agribusiness informants to eighteen (six unbanked, six banked but not accessing credit, and six banked and accessing credit informants). This restriction was informed because the information required was obtained from the number (18) of informants. It was also realised that, additional informants were no longer giving new information, rather, they kept repeating the same pattern of information obtained. This was in-line with Lincon & Guba (1985)'s saturation and redundancy point. Meanwhile, the information obtained from the eighteen informants was rich and thick enough for analysis.

Although, there are more than twenty commercial banks in Nigeria, the choice of only three banks was justified by the presence of only one Islamic bank. Therefore, taking samples of many (more than two) conventional banks may result in biased data because more information can be gathered from the conventional banks. The choice of Ja'iz bank and its clients as the sample is necessitated by the bank being the only full-fledged Islamic bank in Nigeria. Its customers represent the choice of Islamic banking informants and were selected from its small-scale agribusiness clients. On the other hand, the two conventional DMB and their clients selected were First bank and UBA Plc., to represent conventional banks' informants. The choice of First bank of Nigeria Plc., and United Bank for Africa (UBA) was informed by the most recent survey made by KPMG Nigeria and Enterprise development centre of the Pan Atlantic University on banks' ranking in financing Micro, Small and Medium Enterprises (MSMEs) in Nigeria, which showed the two banks as most outstanding in that respect (The Nation, 2015). In addition, their higher level of popularity among Nigerian adults was considered, as shown in figure 3.2 below.

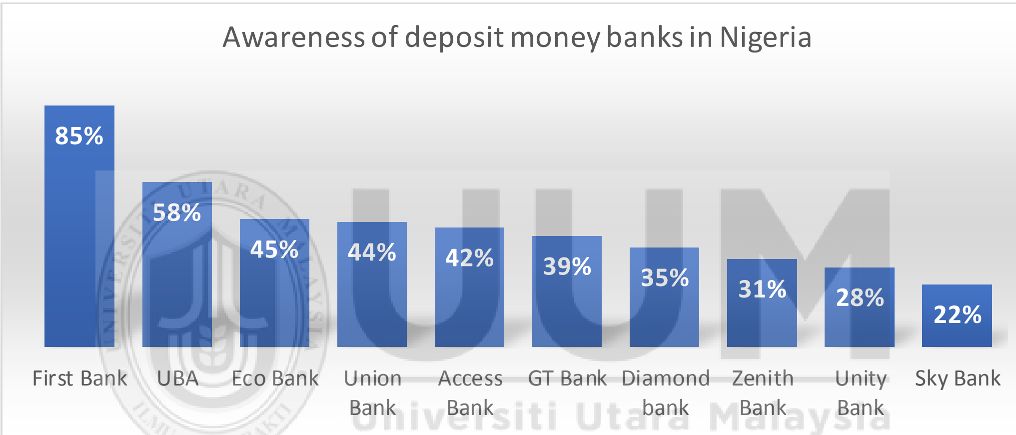

Figure 3.2
Popularity of DMB in Nigeria. Source: EFInA survey report, (2014)

Primary data was gathered in a form of unstructured interviews from the above informants, and their summary shown in Table 3.4 below represent why, what, where, and how data was obtained, and it forms the required number of participants, as advised by Rabson, (2002), Miles and Huberman (1994), Straus and Corbin, (1990).

The responses of small-scale agribusiness entrepreneurs under this research question were used to identify challenges facing small-scale agribusiness entrepreneurs in enhancing financial inclusion. The responses were also used to verify the responses of bank managers and bank account officers on their banks' process of implementing financial inclusion and process of giving out loans/financing respectively. This cross-reference of feedback was done in Chapter 5 of this research work. The purpose of this cross reference of feedback is to point out bank managers' and account officers' biasness in their efforts to defend their banks.

Table 3.4:

Type, source, and use of data gathered from agribusiness entrepreneurs.

Research objectives	Type of data	Source of data	Use of data	Participants' coded name
4. To identify entrepreneurs' challenges of straightening financial inclusion	Primary data: By in-depth interview with Eighteen small-scale agribusiness entrepreneurs	Six unbanked small-scale agribusiness entrepreneurs	To identify reasons for being unbanked	Participants 8 to 13 AGENA.1 to 6
		Three entrepreneurs with bank account, but never request for credits	To identify reasons for not requesting for credits	Participants 14 to 16 AGEA.1 to 3
		Three entrepreneurs with bank account, who requested, but never accessed credits	To identify reasons for not accessing credits	Participants 17 to 19 AGEA.4 to 6
		Six entrepreneurs who have bank account and accessing credits	To identify challenges encountered during accessing credits	Participants 20 to 25 AGEAC.1 to 6

In-depth interviews intensively present respondents' feelings, emotions, and thoughts (Easterberg, 2002). Interview from various classes of informants is deemed good as data can be gathered from multiple sources (Rajulton 2001). Even though unstructured in-depth interview designs are difficult to collect and analyse, Faithfull (1997) proffer them to a certain degree as a hope to evaluators.

Collection of data from multiple sources at different points in time and from different perspective gives a chance to appreciate questions in relation to financial inclusion (Creswell, Hanson, Plano, & Morales, 2007). A desire for a full understanding of the phenomena also inspired the researcher to accumulate the field's full credence of scientific knowledge (Rousseau, Manning and Danyer, 2008), so that the meta-synthesis seeks to move a body of knowledge forward by interpreting primary qualitative evidence across different contexts.

In this research work, findings are arrived at through multiple interviews with different participants (Strauss and Corbin, 1990). The distinguishing features of qualitative research according to Stainback and Stainback (1988) are: gaining a full understanding of a phenomenon rather than causation which shows its inductive nature. Qualitative research also considers the effect of context such as the impact of researcher bias. Chaudhuri, Glauser & Peregoy (2004) also added that qualitative data can be approached through storyline discussion inquiry, where it often seeks the proactive involvement of the research population through a purposeful intervention as a research with people and not research on people.

3.4 Development of interview protocol

The essence of preparing interview protocols is to design a roadmap or a guide on how to undergo data collection and management. It is designed to ensure that the researcher obtained what is supposed to be obtained, while observing research principles, ethics, and requirements for rigour. In view of the above, the researcher adopted and used principles of interview preparation from McNamara, Combell, & Gilroy (2004) which involved convenient time and environment, explaining the purpose and requirements of the interview, good intention and confidentiality, explaining the format and nature of questions, means of follow-up, respecting participants' reservation or condition, and seeking permission for audio video recording. When the above principles were adopted, the researcher had a smooth and hitch-free interview session, without causing any harm or inconvenience to the informants.

Although, interview questions were pre-designed based on requirements of research questions, the interview was semi-formally conducted in the form of discussion. Below is how the interview questions were designed, based on the problem statement and research questions for each study theme.

3.4.1 Interview protocol for commercial bank managers

To understand banks' implementation process of financial inclusion, which answers research question two, bank managers were selected to tell from their banks' approach, how financial inclusion was implemented. Due to the importance of banks in implementing financial inclusion, managers of DMB were the target informants to explain the implementation process of financial inclusion. Three bank managers were recognised for this interview as discussed in Table 3.5 below:

Table 3.5:
Format of interview questions to DMBs (commercial banks) managers

Research question	Main theme	Interview questions	Sample of the study

R. Q. 2 What is the process of implementing financial inclusion by financial institutions (DMB)	1. Inclusive finance	i. How do you ensure inclusive access to financial services by all individual adults, particularly small-scale agribusiness entrepreneurs, on the process on implementing financial inclusion?	Three bank managers from FBN, UBA, and Jaiz bank
	2. Access to credits	ii. How do you ensure access to credit by your small-scale-agribusiness clients, on the process of implementing financial inclusion?	
	3. KYC compliance	iii. How do you ensure compliance to know your customer (KYC) regulations by your small-scale agribusiness customers?	
	4. Consumer protection	iv. How do you implement comprehensive consumer protection of your small-scale agribusiness customers?	
	5. Financial literacy	v. How do you develop and implement financial literacy framework to increase financial education of your small-scale agribusiness customers?	

3.4.2 Interview protocol for commercial banks' account officers

Account officers are bank employees in various branches handling customers' account management. They have direct interaction with customers and they are suitable to respond to these interview questions. Therefore, responses from this interview were expected to answer the corresponding research question. The major interview questions are shown in table 3.6 below:

Table 3.6:
Format of interview questions to DMBs account officers handling credits

Research question	Main themes	Interview questions	Sample of the study
R. Q. 3 What are the processes of getting	process flow for obtaining financing from	1. What is the criteria for straightening your relationship with customers to enable them get credit/ financing in your bank?	Three DMB account or credit officers

financing from Islamic and conventional banks?	Islamic and conventional banks Challenges facing account officers in giving out loans	2. What process do you use to collect applications and negotiate for credits from your small-scale customers? 3. What process do you use to screen small-scale customers' loan application? 4. What is your procedure for approval and cash disbursement to successful loan applicants? 5. How do you monitor loans after disbursement to clients to ensure repayment? 6. What challenges confronts you while implementing financial inclusion programme?	from FBN, UBA, and Jaiz bank

3.4.3 Interview protocol for small-scale agribusiness entrepreneurs

The researcher requested the bank managers and account officers interviewed to identify in confidence, some of their agribusiness clients suitable to participate in this study. In other words, to identify small-scale agribusiness entrepreneurs who operate a bank account with a banking relationship. This was to understand the type of banking relationship and type of credit they had. The researcher also identified some selected farmers not operating a bank account. The three (3) categories of agribusiness entrepreneurs (Unbanked farmers, banked but not accessing credit and banked farmers accessing credit) answer research question number 4, that is to understand the challenges facing small-scale agribusiness entrepreneurs in straightening financial inclusion in northern Nigeria.

Interview questions proposed in this section were uniform. However, responses from informants varied, depending on the level of financial inclusion of the entrepreneurs (access to banking and credit services). Meanwhile, the overall responses were expected to answer the research question corresponding to the study theme, problem statement and research questions shown in table 3.7 below:

Table 3.7:

Format of interview questions to small-scale agribusiness entrepreneurs

Research question	**Main themes**	**Interview questions**	**Sample of the study**
R. Q. 4 What are the challenges facing small-scale agribusiness entrepreneurs in straightening financial inclusion	Access to bank account Access to payment services Access to bank credits Access to Insurance and pension Financial literacy Entrepreneurs' perceived effort of institutions towards enhancing financial inclusion	Do you have bank account? How do you use electronic payment services? Do you access bank financing/credits? Do you have access to insurance services? Do you have access to pension services? What are your major challenges in access to financial services? To what extent do you know these financial terms? (extent of entrepreneurs' financial literacy) How do you see effort of government and banks towards provision of; financial service, credit services, poverty reduction schemes, and public enlightenment?	Six unbanked entrepreneurs (AGENA) Six banked, but not accessing credit entrepreneurs (AGEA) Six banked entrepreneurs accessing credits (AGEAC)

Basically, in addition to the above interview questions, other questions were incorporated in the process of the interview as supplementary and probe questions, to straighten the interview responses, which helped in the analysis section, while discussing the issues across themes.

3.5 Pilot test and expert review process

A pilot test was done to confirm the workability of the research process and availability of data. The pilot test was done by identifying ten participants before the data collection process. The participants were interviewed and a preliminary analysis of the data collected was also made. The pilot test was conducted as follows:

3.5.1 Pilot test interview with bankers

The researcher identified two bank managers and two account officers for the interview pilot test. It was realised that not all bank employees had adequate knowledge of financial inclusion implementation process. Therefore, a random selection of informants was not feasible. It was also understood that participants preferred interview questions at hand before the interview date, so that they could prepare responses. Therefore, the researcher compiled interview questions as shown in the interview protocols above. It was observed that informants were willing to respond with adequate information available.

3.5.2 Pilot test interview with small-scale agribusiness entrepreneurs:

The researcher identified six agribusiness entrepreneurs for the pilot interview. However, the researcher realised that the majority of the entrepreneurs either did not have a bank account or had a bank account, but never experienced the lending process. Therefore, sample selection must be purposive to select experienced farmers, and the researcher liaised with account officers to identify agribusiness entrepreneurs accessing credit. Although, they responded appropriately, but, none of them was having experience of access to credit.

After the pilot interview, experts were consulted to check the appropriateness of the whole process. Sub-themes were developed from the pilot test and the data obtained from the pilot test was found suitable for analysis. Preliminary analysis was made to check the quality of interview data collected, and the data was found suitable for inductive analysis. Subsequently, improvements were made by modifying and changing some questions, where required. The researcher consulted and worked with experts like Professor Garba Bala Bello of Bayero University Kano and Dr. Dauda

Mohammed of Research and statistics department of CBN before, during, and after interviews. The researcher also frequently consulted colleagues to check and make corrections on interview protocol and processes. This helped immensely in checking the appropriateness of the research process. The researcher also participated in various workshops to help strengthen the research process. This enabled the researcher to review the interview work plan and protocol before and during all stages of interviews.

3.6 Field work of data collection

Field work entails doing research work in a certain place or setting. The field study was conducted within the period of three months (July, August, and September) in 2016. While strategically respecting the convenience of the informants, logical stages were patiently followed to ensure accuracy of the data collection process. However, the interview was successful and timely. Table 3.8 below shows the data accounting log of how field work was conducted and recorded.

Table 3.8:
Data collection accounting log

Participants	Interview date	Interview time	Interview duration	Place of interview	Mode of appointment	Transcript page
FBN BM	04/09/2016	16:00 Hrs	49 min.	Office	Mail	296
UBA BM	11/09/2016	10:00 Hrs	52 min.	Home	Mail	299
JAIZ BM	02/09/2016	16:00 Hrs	57 min.	Office	Mail	301
FBN AO	04/09/2016	17:00 Hrs	51 min.	Office	Reference	304
UBA AO	11/09/2016	15:00 Hrs	62 min.	Office	Reference	306
JAIZ AO	03/09/2016	12:00 Hrs	60 min.	Office	Reference	308
AGENA 1	10/08/2016	09:00 Hrs	34 min.	Farm	Phone call	311
AGENA 2	25/07/2016	09:00 Hrs	37 min.	Farm	Farm visit	314

AGENA 3	03/09/2016	11:00 Hrs	32 min.	Farm	Phone call	317
AGENA 4	05/09/2016	15:00 Hrs	40 min.	Home	Farm visit	320
AGENA 5	29/07/2016	18:00 Hrs	51 min.	Mills	Phone call	323
AGENA 6	27/07/2016	12:00 Hrs	36 min.	Farm	Home visit	326
AGEA 1	28/07/2016	09:00 Hrs	42 min.	Home	Phone call	328
AGEA 2	19/08/2016	10:00 Hrs	33 min.	Home	Home visit	332
AGEA 3	06/09/2016	12:00 Hrs	45 min.	Market	Home visit	336
AGEA 4	08/09/2016	13:00 Hrs	46 min.	Home	Farm visit	340
AGEA 5	05/09/2016	13:00 Hrs	53 min.	Market	Phone call	344
AGEA 6	25/08/2016	11:00 Hrs	47 min.	Mills	Mills visit	348
AGEAC 1	11/08/2016	15:00 Hrs	51 min.	Farm	Home visit	352
AGEAC 2	26/07/2016	15:00 Hrs	54 min.	Mills	Phone call	356
AGEAC 3	24/07/2016	10:00 Hrs	46 min.	Farm	Home visit	360
AGEAC 4	12/08/2016	09:00 Hrs	48 min.	Farm	Phone call	364
AGEAC 5	23/07/2016	09:00 Hrs	44 min.	Home	Home visit	368
AGEAC 6	23/08/2016	10:00 Hrs	52 min.	Farm	Farm visit	371

Adopted from Mills, Huberman, & Saldana

3.6.1 Before field work

The next stage was contacting the appropriate interviewees, preparation for entry stage, designing and using unstructured interviews, provision of audio-video instrument to record interview responses, taking brief notes during the interview, and locating a quiet and suitable place for conducting the interview. All the above preparations were made after obtaining the consent of the interviewee to participate in the study.

Before conducting the interview, the researcher prepared a checklist for managing and implementing the interviews, which consisted of guidelines and instructions for the interviewer on the process of gathering, recording, and writing down all the information obtainable on the interview process, as in accordance with Creswell, (2013), to ensure consistency and reliability of the research process and findings, which formed the protocols of this research. The researcher made many phone calls, visits, and mails to identify suitable respondents, seeked their consent and arranged appointments for the interview, as shown in table 4.6 above.

The researcher submitted written applications to CBN Gombe branch, which was forwarded to NFIS secretariat (CBN headquarters, Abuja) and subsequently got permission for data collection, (refer to appendix A1 and A2). Application was also forwarded to the three bank managers, on behalf of themselves and three account officers in charge of credit handling for their banks. Although they did not formally reply the letters due to their banks' policies of mail management, they later gave an appropriate date and time for the interview, which was successfully conducted by the researcher.

The researcher realised during identification of participants that interviews with small-scale agribusiness entrepreneurs was better to be conducted in the Hausa language because, a substantial percentage of the supposed participants (small-scale agribusiness entrepreneurs) cannot understand or respond in English, due to the language barrier. In order to obtain data that is a true reflection of the view of northern Nigerian small-scale agribusiness entrepreneurs, they are the most appropriate informants. Therefore, the researcher hired the services of language experts from a renowned University in northern Nigeria, to review the questions and transcripts before and after the interview.

3.6.2 Interview session

This consisted of time between the interviewer's arrival to the field and the time he left the vicinity of the interview field. The three stages (entrance, intimacy/discussion, and exiting) of this interview session as categorised by Cavana, Delahaye, and Sekaran, (2001) are discussed below:

3.6.2.1 Entrance to interview session

Prior permission had been sought from all informants, and there were no access problems. On arrival, the researcher restated verbally, the intent, requirements, implication and what the information can be used for. The researcher also informed each participant why he was chosen for the study, what was to be accomplished during the research study, how much time (approximate) would be spent for the interview, what potential inconveniences might arise and how the results of the interview would be used and reportd (Bogdan & Biklen, 1998). Various ways to protect the anonymity of participants was observed. The researcher started the interview with courteous greetings as required in Islam, followed by the usual pleasantries and discussion of other informal issues as practiced in the Hausa culture.

3.6.2.2 Discussions during interview and intimacy

When the session started, the interviewer formally reintroduced himself, and while noting the start-time, to be time conscious, and delved into serious issues as appropriate to the discussion in an informal setting. While questioning, listening, probing, and recording responses (where allowed) and jotting notes, the researcher was carefully observing the impression and body language (non-verbal behaviour) displayed by the informants and taking notes of that impressions. Formal or structured questions were asked, probe questions were intermittently made, and other additional questions were asked, as they could be relevant during analysis. As the interviews progressed at this stage, the interviewer became more intimate to the informant and environment. This increased the researcher's skills and knowledge and thus, more questions emerged that could be asked.

While the researcher had a plan in mind in the field, the researcher remained flexible enough to follow the conversation of the interviewee, used probes to obtain additional information (sub-questions under each question to elicit more information) and remained courteous and professional when the interview was over by showing an appreciation for the responses, as shown in the exit stage.

Questions in an interview were semi structured (depending on the participants' responses) while there were possibilities for asking other questions. The probing technique was used, at the period of data collection, to enable the researcher to gain more knowledge from the participants' perspective (Dick, 1990). The starting point of the interview was devoid of well-constructed and focused questions, because it could create a tunnel of direction instead of being result oriented based on the interactive design process (Maxwell, 2012). The prepared interview questions were designed as a guiding format. This does not mean that they were strictly or sequentially followed. It is the respondent that led the discussions, while the researcher listened in a storytelling style and asked unstructured questions wisely in a discursive manner. A small audio recording device was used to record the respondent's voice, except where the respondent showed displeasure about it. In such cases, notes were taken. In addition to all the above preparations, the researcher consulted experts to review the interview protocol and made pilot data collection, to ensure correctness of the instruments used.

The interview process was convenient to all informants, due to the nature of the story-telling approach used, and the informal nature of the conversation and rapport created. All the informants in the formal institutions (CBN and banks) refused the video and picture, due to its possible corporate implications to their person and organisations. Informative discussions were made after the interview with agribusiness entrepreneurs to educate them on how to improve awareness of financial services and financial planning, to reciprocate their kind gesture.

3.6.2.3 Use of interview probing during interview

Probing is a process where the interviewer may gain more knowledge of the phenomena being researched, by penetrating the interviewee's memory through listening and asking a series of questions that emanates from previously asked questions in the interview process. The researcher used a series of logical steps involved in probing, as explained by Cavana, Delahaye and Sekaran (2001).

Apart from the formal or structured questions that were initially forwarded to informants, probing questions were intermittently asked to obtain additional information from informants. These probing questions became relevant in the process of data analysis. Most of the probing questions formed an important component in answering the research questions of the study (Rubin & Rubin 2011).

3.6.2.4 Exiting interview session

At the end of the interview, the researcher showed appreciation by saying 'thank you' for their time taken. Phone number of informants were collected from those who showed willingness to give, and the researcher had requested their permission to call them if need arose to ask any question that emerged subsequently. They voluntarily accepted the request, by agreeing to be called anytime necessary. The researcher then courteously and cautiously left the premises.

3.6.3 After interview

After conducting an unstructured, open-ended interview and taking interview notes and audiotapes, the interviewer took his time to carefully transcribe the data. A record was also made for after thoughts and previously forgotten observed impressions, when remembered. The transcription was done almost immediately. The transcribed data was documented in the form of a computer file, saved the data in various back-up files, and immediately entered it into data management software (NVivo) for analysis.

3.7 Data management process

Data collection, management and analysis are not necessarily sequential in qualitative research, but can possibly be run concurrently (Walshe, 2011; Polkinghorne, 1988). In qualitative research, a standing rule does not exist for the procedure of data management and analysis (Ritchie, Spencer, & O'Conner, 2003). In this study, data management was categorised into transcription and analysis.

3.7.1 Preparing interview transcripts

In this study, as the researcher was gathering interview jottings and recordings of pictures and audio materials from various categories of respondents. Tanscription took place almost immediately, and sheets were gathered in one place for coding. Responses in the form of statements were coded with a word or phrase, using NVvivo coding. Data was then appropriately screened, reviewed, transcribed, and coded as themes and subthemes as in line with Ritchie, Spencer, & O'Conner, (2003)'s four steps of the data transcription process. The next stage was to analyse data using Nvivo software, while keeping records of all sheets, as described by Curry, Nembhard & Bradley (2009).

3.7.2 Data analysis

This is a process of making collected data comprehensive, presentable, and meaningful to reader. This process involved three (3) activities concurrently taking place. The steps of these activities were; data condensation, data display, and drawing conclusion (Miles, Huberman, and Saldana (2014), which are discussed as follows:

3.7.2.1 Data condensation

All responses collected on each theme were recorded together based on the nature of response. For example, responses on "savings" were grouped as sub-themes by commonality of responses by all informants under access to banking services (Creswell, 2012). Data condensation involved two stages; data coding and categorisation.

Coding and categorisation together form a process where a chunk of data in the form of informants' statements were grouped on recurring patterns and were given a name based on its commonality. Creswell, (2013) (p.236) defined coding as "process of organising data into segments of text into categories and assigning a word or phrase to the categories, to enable the chunk of data make a simplified meaning". In-Vivo coding was used in this study, where main words or phrases from participants' own statement in the transcript represented the entire statement. In some cases, magnitude coding was used to indicate intensity or frequency. Table 3.9 below represents a template upon which categories and coding of themes and sub-themes emerged based on raw data from informants and research questions.

Table 3.9:
Template of data reduction process in form of coding

S/No.	Research questions	Interview questions	Informants' raw data	Code	Category	Sub-themes	Themes
1.							

The researcher used coding and the categorisation process to organise interview data into condensed sentences or words, to logically display them into simplified information, so that it was possible to draw comprehensive and meaningful conclusions.

3.7.2.2 Data display

When responses were collected, transcribed, and coded data was entered into Nvivo10 software, as a system of data envelopment, screening, and management process. The software presents an organised assembly of information compressed enough to allow editing, and display of data. Therefore, as soon as data was collected, transcribed, and coded, it was entered into Nvivo 10 software, for simultaneous data management and analysis. Data can be displayed in the form of charts, graphs, diagrams, matrices, and many other patterns to simplify presentation of data for discussion of results. In this study, models (network) and matrix (tables and charts) display were predominantly used.

3.7.2.3 Verifying and drawing conclusions

In this section, the researcher interpreted the meaning of things by observing patterns, propositions, and explanations, while maintaining scepticism and openness. Verification of ideas in drawing conclusions continued as the process of analysis continued. The researcher also verified thoughts on the conclusion when it crossed his mind, while bearing in mind the notes from field. The researcher also verified concluding points by elaborate argumentation to reach consensus, or to reflect his findings in comparison with other studies. The researcher also verified emerging meanings from the data by testing their plausibility and sturdiness to confirm validity of data and findings.

The data output displayed were discussed in this section by defining the themes and subthemes in detail, based on patterns of relationships and comparisons between findings. In this section, inferences were made from the displayed matrices and networks to draw and verify conclusions on the findings. In this research work also, thirteen (13) analytic tactics for 'generating meaning' and other thirteen tactics for confirming findings, based on Miles, Huberman, & Saldana, (2014) were adopted and used.

Miles, Huberman, & Saldana, (2014), also regard qualitative data analysis as a process. Tthey show interactive sessions in data analysis as a process to enable the researcher to understand what is going on when analysing data, so that the whole process is usable to others, as shown in figure 3.3 below.

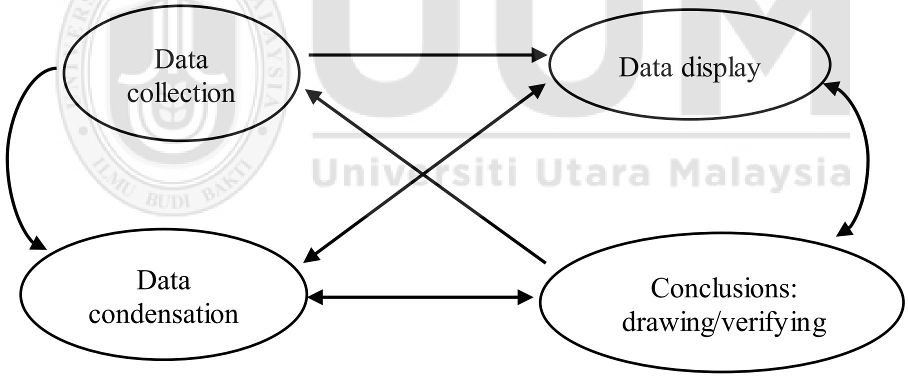

Figure 3.3:

Interaction of components in data analysis process. Source: Miles, and Huberman, (1994)

3.8 Trustworthiness

Researchers are required to be explicit in their qualitative enquiry about why and how they choose a criterion to ensure rigour in their research design (Tobin & Begley, 2004), and (Guba &Lincoln, 1994), so, in this study, the exploratory qualitative research inquiry was chosen as a purpose of research design to ensure trustworthiness. Accepting the concept of rigour in qualitative research strengthens its glory as an efficient process of advancing knowledge (Healy & Perry, 2000). The idea of trustworthiness in qualitative research is to deal with issues of validity and reliability (Pitts, 1994) and to ensure rigour and authenticity of research findings (Guba, 1981). Lincoln, and Guba, (1986), consider four (4) strategies to ensure trustworthiness; that is credibility, transferability, conformability, and dependability. In this study, the researcher chose credibility and confirmability to indicate authenticity and rigour in this research as emphasized by Shenton, (2004), and to indicate the standard for quality of conclusions, as shown by Miles, Huberman, and Saldana, (2014). The role of the researcher was subsequently used to uphold sincerity and consistency, as discussed below.

3.8.1 Credibility

Credibility was ensured by considering intensive field work experience of up to three months, with the aim of achieving research objectives. The researcher also ensured that right persons were interviewed. The informants were in a better position to tell more about the study phenomena. The researcher worked with experts to verify appropriateness of the informants, interview process, and methods. The supervisors' constant checking and rechecking as well as adequate referencing and citations helped to ensure the credibility of this study. A series of interviews from different sets of informants in data collection as well as triangulation were other strategies used to uphold data credibility.

Data collection from various sources, like primary (in-depth interview) and secondary (previous literature and reports like EFInA survey reports, and banks archives' documents), data types like verbal and written and the role of the researchers and his experience, who dedicates his time and resources to be involved in the research process over a long period (Baxter & Jack, 2008), are considered appropriate steps to uphold the credibility of this study. Triangulation was made from data and theory's perspectives, as discussed in the following paragraphs.

Data was collected from different sources to enhance the accuracy of the study. Evidences were corroborated from different individuals, (participants from Islamic and conventional banks), and from different forms of data collection, that was by types (primary and secondary), and by methods (documents and interviews).

The researcher examined each information source and found evidence to support the theme and subthemes. This ensures that the study is accurate because the information was drawn on multiple theories, individuals, and processes. In this way, it encouraged the researcher to develop a report that is both accurate and credible. Data collected conformed to theories of bank financing, Islamic banking, and financial inclusion.

3.8.2 Confirmability

The concept of confirmability in qualitative research concerns the researcher's objectivity (Patton, 1990). The researcher ensured that the findings were from informants' ideas and experiences of the financial inclusion issue. The predisposition of the researcher as 'doing research with people' and data triangulation also confirmed the least possible effect of researcher's bias. 'Audit trail' was also used to check the consistency of steps followed from problem definition to report writing.

Confirmability of data by audit trail, informant's ideas, and triangulation of theories and participants confirmed the trustworthiness of the research study. Looking at financial inclusion issues from the Islamic and conventional perspectives also confirmed the trustworthiness of the study. Therefore, the research is bias-free.

The researcher chose to use the interview criterion to ensure rigour in the research design. This is due to the reliability of response obtainable from informants at the time of face to face interviews (Tobin & Begley, 2004). This in-depth interview is viewed and explored from multiple perspectives (two cases and in one central phenomena), the collection and comparison of the data from clients of Islamic and conventional banks enhanced data quality based on the convergence of ideas; upholding research ethics and principles and the intermittent verification of data and findings (Knafl & Breitmayer, 1989).

The idea of dependability on data collection is also to ensure confirmability. The researcher elaborates and widened search from different stages of financial inclusion, to allow new and deeper understanding of a phenomenon from a natural setting (Gururajan, Hafeez-Baig, Clark, Moller & Sankaran, (2014). Data audit trail is guided by experts, intensive method of data collection, and multiple interviews with participants to make the findings dependable.

Probing is a process where interviewer gained more knowledge of the phenomena being researched, by penetrating interviewee's memory through listening and asking series of questions that emanates from previously asked question in an interview process. The researcher used series of logical steps involved in probing, as explained by Cavana, Delahaye, and Sekaran, (2001), to ensure dependability of data.

3.8.3 Role of researcher

To ensure trustworthiness, the researcher used his experience, initiative, ideas, and interest in the field, through appropriate approaches to explore meaning of financial inclusion from the participants' perspective. Therefore, there is no element of detachment between this research work and the researcher (Stake, 2000). The researcher was part of the research setting, and he did a 'research with people not research on people', due to language commonality, which enabled the researcher and small-scale agribusiness participants understand one another by using the Hausa language. Researchers' interaction with scholars, qualitative research experts attending seminars, workshops and conferences helped in strengthening the conformity of the research process, design, issues, and the phenomenon. Therefore, the researcher assumed responsibility for every bit of this study.

On the process of collecting, managing, and analysis of data, the researcher ensured the accuracy of finding and interpretations by validating findings (Creswell & Miller, 2000; Lincoln & Guba, 1986). The researcher was self-reflective about his role in the research, how he interpreted the findings, and his personal history/experience that shaped his interpretation (Creswell, 2007). Here, the researcher used various terms to describe this accuracy or credibility of the research findings (Lincoln & Guba, 1986); (Creswell & Miller, 2000).

3.9 Summary of the chapter

This chapter discussed the overall design used in the research study, which shows how the whole research was conducted, from the idea conceptualisation to report writing, such as the methods, process, type, time, place, and rationale for doing what is done in this research. The chapter shows that the inductive qualitative research design is used for the study. The chapter also discussed the methods used for content analysis and in-depth unstructured interviews from three sets of participants as deemed appropriate to gain more knowledge of the field. The chapter also explains how participants were chosen from the population, interview protocol, as well as validity and reliability of the data collected to ensure trustworthiness. Finally, the procedure used for data management and analysis is explained. The chapter gave the basis for data analysis and discussion as done in the following chapter.

CHAPTER FOUR

DATA ANALYSIS AND DISCUSSION

4.1 Introduction

It was stated in chapter three (research methodology) that the researcher used the Nvivo10 version for exploratory data analysis, which provides straight forward, and invaluable planning in processing qualitative data, through organising, sorting, and analysing interview notes, audio, video, textual, graphic and any other qualitative data files (Talanquer, 2014); (Bazeley & Jackson, 2013). The researcher makes interpretation of data himself, but, Nvivo10 aided in arranging and making a proper display of the required output (Woods, Paulus, Atkins, and Macklin, 2015), thus, it was appropriate for the objectives of this research. Findings of this research were presented in various forms like matrix and model forms, figures, tables, and charts. Explanations of all presentations and comparisons based on responses were also made, and connections between themes were also shown. Demographic data of participants were also used in presenting informants' characteristics.

The chapter also makes sense of the collected and analysed data. Additionally, the chapter also discussed the propositions that made some important contributions toward understanding financial inclusion issues from the perspective of major stake holders. The chapter interpreted major findings, in line with research questions, based on how interview participants understood the issues of financial inclusion.

4.2 Background of informants and thematic presentation

This section gives some background information about the informants and how they responded to the research questions.

4.2.1 Profile of the informants

Questions and responses about informants' profile do not appear in the interview transcription, as shown in the Appendix B sections, but, they were asked tactfully during the interaction process. Nevertheless, no format was designed and followed for asking questions on demographic details. However, demographic information in Table 4.1 below was either asked or observed and was found relevant during data presentation and discussion of findings.

Table 4.1
Demographic Data of the Informants.

Informants	**Age**	**Educational Qualification**	**Designation/ farming type**	**App. dist. from bank**
FBNBM	48	Degree/ HND and above	Branch manager	-
UBABM	52	Degree/ HND and above	Branch manager	-
JAIZBM	47	Degree/ HND and above	Branch manager	-
FBNAO	45	Degree/ HND and above	Account officer	-
UBAAO	41	Degree/ HND and above	Account officer	-
JAIZAO	43	Degree/ HND and above	Account officer	-
AGENA1	50	Others	Crops and animals	71km
AGENA2	37	Primary education	Crops and animals	10km
AGENA3	40	Secondary education	Irrigation	21km
AGENA4	47	Others	Crops and animals	55km
AGENA5	36	Secondary education	Groundnut milling	31km
AGENA6	29	Primary education	Irrigation	33km
AGEA1	47	Primary education	Irrigation	25km
AGEA2	42	Secondary education	Irrigation	61km
AGEA3	36	Secondary education	Poultry (Female)	5km
AGEA4	31	Others	Crops and animals	28km
AGEA5	44	Secondary education	Poultry	24km
AGEA6	46	Primary education	Rice milling	19km
AGEAC1	53	Primary education	Fishery	70km

Table 4.1: Continued

AGEAC2	49	Secondary education	Rice milling	12km
AGEAC3	42	Degree/ HND and above	Poultry	6km
AGEAC4	39	Degree/ HND and above	Fishery	43km
AGEAC5	48	Degree/ HND and above	Poultry	37km
AGEAC6	47	Secondary education	Fishery	45km

The background information about informants in Table 4.1 was used to understand if age, academic qualification, type of agribusiness, and distance of a client from bank had an influence over clients' access to financial services (inclusion and exclusion), as deliberated during analysis and discussion of findings.

4.2.2 Informants' contributions to the research process

Neither the researcher's' understanding, nor the previous literature influenced this research analysis and discussion. It is only the responses of the participants that formed the basis of this research analysis. Table 4.2 below shows the contribution of each participant (in words and percentage) as extracted from NVivo software, as an output of data collection.

Table 4.2
Individual informants' contribution to the data set. Source: Nvivo10 output

Source Summary: My PhD Work: 22/01/2017 18:44						
Total Words in Source	Total Paragraphs in Source	Number of Nodes Coding Source	Coded Percentage of Source	Number of Text References	Number of Audio Video References	Number of Image References
Internals\\Interview Surveys\\AGEA1						
791	67	21	0.4525	21	0	0
Internals\\Interview Surveys\\AGEA2						
758	73	21	0.4469	21	0	0
Internals\\Interview Surveys\\AGEA3						
738	75	21	0.4289	21	0	0
Internals\\Interview Surveys\\AGEA4						
993	77	21	0.4880	21	0	0
Internals\\Interview Surveys\\AGEA5						
953	81	21	0.4883	21	0	0
Internals\\Interview Surveys\\AGEA6						
1017	79	21	0.4495	21	0	0
Internals\\Interview Surveys\\AGEAC1						
724	69	21	0.4387	21	0	0
Internals\\Interview Surveys\\AGEAC2						
982	66	22	0.5103	22	0	0
Internals\\Interview Surveys\\AGEAC3						
905	66	21	0.4705	21	0	0
Internals\\Interview Surveys\\AGEAC4						
904	66	21	0.4751	21	0	0
Internals\\Interview Surveys\\AGEAC5						
823	66	21	0.4579	21	0	0
Internals\\Interview Surveys\\AGEAC6						
871	64	21	0.4933	21	0	0
Internals\\Interview Surveys\\AGENA1						
583	55	21	0.4160	21	0	0
Internals\\Interview Surveys\\AGENA2						
571	60	21	0.4200	21	0	0
Internals\\Interview Surveys\\AGENA3						
628	67	21	0.4210	21	0	0
Internals\\Interview Surveys\\AGENA4						
603	56	22	0.4111	22	0	0
Internals\\Interview Surveys\\AGENA5						
671	65	21	0.4514	21	0	0
Internals\\Interview Surveys\\AGENA6						
509	62	21	0.3844	21	0	0
Internals\\Interview Surveys\\FBNAO						
733	40	18	0.7182	18	0	0
Internals\\Interview Surveys\\FBNBM						
819	50	17	0.7658	19	0	0
Internals\\Interview Surveys\\JAIZAO						
866	42	18	0.5763	18	0	0
Internals\\Interview Surveys\\JAIZBM						
786	57	17	0.7592	19	0	0
Internals\\Interview Surveys\\UBAAO						
596	35	17	0.6750	17	0	0
Internals\\Interview Surveys\\UBABM						
790	52	19	0.7617	21	0	0
Reports\\Source Summary Report						

The table of word count, paragraphs and nodes from each participant above show that all the informants have adequately contributed on the course of doing this research.

In another output of the Nvivo software, from the overall data collected, Figure 4.1 below shows the pattern of words obtained from the informants. The size of a word represents its frequency of appearance in the interview responses. This word cloud shows that, the responses of the participants are highly connected with the subject matter and appropriately able to answer the research questions.

Figure 4.1:

Words frequency (word cloud) from informants' responses. Source: Nvivo10 output

Table 5.2 and Figure 5.1 above serve as indicators of credibility and internal validity on the data collected from the informants. The consistency of information obtained from the informants indicates that the data collected is reliable.

4.3 Main theme 1: Appropriate indicators and requirements to examine financial inclusion strategy.

Indicators and requirements for financial inclusion in this study refers to any service, activity, indices, policy, strategy, or programme that enhances access and use of appropriate and affordable financial services to users, which enables achievement of financial inclusion objectives. To determine the appropriate indicators and requirements for ensuring financial Inclusion, it would be useful to understand the meaning and rationale for financial inclusion itself.

4.3.1 Meaning and rationale for financial inclusion

Many scholars made an analysis of the financial inclusion drive, from its meaning, rationale to achievements, particularly in world bank reports, IMF, and CGAP working papers. Members of the alliance for financial inclusion (AFI)'s financial inclusion strategy peer learning group (FISPLG) developed a definition for financial inclusion as follows:

> *"Financial inclusion strategy is a comprehensive public document that presents a strategy developed to systematically accelerate the level of financial inclusion. The strategy is developed through a broad consultative process involving, among others, public and private sector stakeholders engaged in financial sector development. Typically, financial inclusion strategy will include an analysis of the status of, and constraints on, financial inclusion, a measurable financial inclusion goal, how to reach this goal and by when, and how it would measure the progress and achievements."*
>
> Source: AFI annual reports, (2015).

Financial inclusion is a strategy to create an easy and convenient access to broad range of affordable financial services, designed to accommodate financial needs, while inclusive finance means to ensure that all adults have access and use of at least one form of financial service product (AFI annual reports, 2015). Financial inclusion, according to Allen Demirguc-Kunt, Klapper & Martinez Peria (2016) requires easy access to financial services, and usage of various payments outlets at an affordable range.

Therefore, financial inclusion strategy means a coordinated effort by central banks in collaboration with all relevant agencies to ensure that all adults have an easy and convenient access to extensive and various financial services that can meet their diverse needs at an affordable cost. To achieve this, central banks use various indicators and requirements to measure and enhance the progress of financial inclusion. The document also states that financial inclusion's indicators and requirements enhance access, affordability, usage, quality, efficiency, and appropriateness of financial services to users, which are major indicators of inclusion and exclusion (AFI annual reports, 2015).

Based on available literature and strategy documents of financial inclusion all over the world, access to financial services by all classes of adults is an essential priority, followed by people's ability to conveniently use the financial services. The financial services can only be accessed and used if they are affordable and are appropriately required by target users. Therefore, access, usage, affordability, and appropriateness of financial services are the basic characteristics that define financial inclusion (An AFI Publication, 2012). Nevertheless, appropriate indicators for financial inclusion achievement are identified and discussed as follows.

4.3.2 Indicators for achieving financial inclusion objectives

Indicators of financial inclusion strategy mean any service or action that can constrain or increase the extent of financial inclusion among people (Kao and Liu, 1984). Achieving the objectives of the strategy depends on the extent to which individual adults have access and use to affordable, quality, and appropriate financial services. Therefore, every country ensures the success of financial inclusion programme with the extent of availability, access, usage, affordability, and appropriateness of financial products like; savings, payments, credit, insurance, and pension. However, the above indicators might not be enough to measure success or otherwise for financial inclusion. Therefore, this section is aimed at conducting a comprehensive content analysis of indicators for financial inclusion. From the previous literature and financial inclusion documents, quality, outreach, access, penetrations, and performance were identified as comprehensive indicators of financial inclusion extent, as discussed below:

4.3.2.1 Quality indicators

Quality as an indicator of financial inclusion measures the extent to which financial services could address the needs of consumers. According to Massara, & Mialou, (2014), various indicators are used to illustrate quality of financial inclusion, such as financial literacy, disclosure requirements, dispute resolution, cost of usage, affordability, supply of financial service products matching the demand for those services in term of time place and appropriateness. It also indicates that financial services are affordable for users. Furthermore, quality of financial inclusion indicates if the inclusion is more formal or informal. The indicators are discussed as follows.

4.3.2.1.1 Matching demand and supply of financial services

Quality indicates matching demand and supply between financial services required by users and financial services supply from financial institutions, respectively. In the study of Laha, & Kuri, (2014), they consider the match of demand and supply of financial services as indicators of the extent of financial inclusion. This indicator uses available information from the perspective of demand side (users) and the perspective of supply side (financial institutions). Therefore, in any case, there is need for a match between demand and supply of product and information from the two sides.

4.3.2.1.2 Appropriateness

Quality of financial inclusion is assessed by the extent to which policy makers designed an appropriate regulatory framework as a roadmap to achieving financial inclusion (Massara, & Mialou, 2014). Design and supply of appropriate products that are driven by needs of clients is also an indication of quality. Appropriateness of financial service products requires segregation of products design, based on clients' needs according to income class, geographical location, economic sector, literacy level, and level of financial inclusiveness. This may also include availability of appropriate financial infrastructure that can enhance financial inclusion (Sarma, 2012).

4.3.2.1.3 Formal/informal inclusion ratio

Availability and use of formal financial services indicate more quality of financial inclusion than availability and use of informal financial services in a country. Most indicators measure extent of financial inclusion by access to financial services from formal financial institutions, rather than semi-formal or informal financial institutions. From the work of Demirguç-Kunt, & Klapper, (2012) measuring financial inclusion across the world is recognised as access to financial services through formal financial institutions. However, semi-formal or informal institutions increases rate of financial inclusion, and are recognised in developing countries (Burgess, and Pande, 2005).

4.3.2.1.4 Affordability by users

Quality of financial services may also be measured by affordability to users. Affordability means provision of financial services within the reach of clients in terms of cost of usage. Affordability may be related to ease of use, needs, type of service, complication of service and income class of users. Affordability is therefore essential in financial inclusion (Demirgüç-Kunt, & Klapper, 2013).

4.3.2.2 Outreach indicators

Outreach as an indicator of financial inclusion enables measurement of the extent to which financial services are made available to different number, group, category, type of people, as discussed in the following sections.

4.3.2.2.1 Outreach by income group

Financial inclusion is designed to reach all income classes of people, including the extreme poor, low-income class, middle income class, and well to do individuals. However, much emphasis is given to the poor and low-income class due to income inequality, and well-to-do individuals are mostly financially included (Park, & Mercado, 2015). However, any income class individual or enterprise requires different and appropriate form of inclusion ranging from the bank account, credit, insurance, pension, and financial literacy (Zins & Weill, 2016).

4.3.2.2.2 Outreach by geographical location

Financial inclusion is designed to reach people in all locations; rural, semi urban, and urban areas. However, much emphasis is given to rural areas because financial service outlets are mostly located in urban areas and people in urban areas are more educated and use financial services better. Therefore, all individuals both in urban and rural areas are supposed to be reached (Gupte, Venkataramani, & Gupta, 2012).

4.3.2.2.3 Outreach by gender

Access to financial services may differ based on gender. In some areas or situations, males may be more financially included than women (van Hulten, 2012). Therefore, financial inclusion is supposed to cut across genders. The extent of financial inclusion is measured based on outreach across genders (Kwong, Jones-Evans & Thompson, 2012).

4.3.2.2.4 Outreach by economic sector

Financial inclusion is supposed to cut across all people working in all sectors of the economy. However, it is found in some literature like that of Abiara, & Arosanyin, (2014), that individuals working in the agricultural sector are less included than other sectors, particularly in developing countries. It has also been found that the majority of bank credit go to the public sector and large-scale businesses sectors than small scale sectors (Okolon, 2015). Therefore, the extent of financial inclusion is measured across all sectors of the economy.

4.3.2.2.5 Outreach by individuals, household, or businesses

Financial inclusion targeted individuals, households, and businesses. Therefore, the extent of financial inclusion is measured according to outreach to both individuals, households, and small and large-scale businesses. A study by Marshal, Solomon & Onyekachi (2015) shows that individuals and households are more excluded than businesses, particularly in rural areas.

4.3.2.3 Access indicators

Access to financial services from formal financial institutions is one of the universal indicators of the extent of financial inclusion. Sarma, & Pais, (2011) used availability of multi-dimensional information on accessibility, availability, and usage of financial services by individuals, households, or businesses as indicators of financial inclusion. Individuals are said to be financially included if they have unrestricted access to the following services.

4.3.2.3.1 Access to savings

Financial inclusion documents show that, access to savings are categorised into banked (those adults with at least access to savings account in DMB), formally served by other non-banks financial institutions (that is adults who have access to at least savings in financial institutions other than DMB), and informally served (adults who have access to and use of financial services in any unregulated or informal financial institution) (NFIS annual report, 2012). Apart from the above forms of inclusion, the last category is excluded, that is, adults without any form of formal or informal financial savings products. The financial inclusion strategy in Nigeria has a target of ensuring that 60% of adults have access to formal bank savings in 2020.

Savings mobilisation by banks is usually the starting point for formal financial inclusion in a society. This is because the banks' effort to mobilise savings increases the number of individuals with at least bank accounts in a society. When adults have at least savings account with formal financial institutions, it will open doors for their access to other financial services like modern payment systems, which is discussed below.

4.3.2.3.2 Access to payments

Financial inclusion documents also show that, access to payments increase by increasing access to savings in banks. Access to payment systems can also be formal, informal, and adults completely unserved by payments. Documents show low penetration of formal payments in 2014, particularly mobile payments. Until recently, cash and cheque payments were dominantly used. With increased financial literacy and access to modern technology, ATMs, POS, mobile and internet banking are increasingly gaining acceptance and patronage among bank clients.

Access to payments in bank branches, electronic or online payment terminals complements access to current, savings, investment, fixed deposits account, or both (Malaguti, 2015). Access to payments is the broader sense of access to financial services, because, it involves access to and use of channels of delivering financial services, which enables funds transfer, even to unbanked individuals. For instance, a farmer who can make or receive mobile money transfer has access to payments even without operating a bank account. On the other hand, formal access to payments is considered as having access to bank account/s, and use of payment terminals like ATM, POS, internet, and mobile banking, as linked to their bank account/s.

Access to payment system enables efficient flow of financial resources from one section of the economy to the other or between individuals. Payments are facilitated using various forms of financial instruments and electronic facilities, as aided by modern technological systems. Efficient payment systems through increased access points is a good indicator of financial inclusion. It specifically supports flow of resources to and within the agricultural value chain, which aids small holder farmers into broader access to financial services like credit, increased income, and market information. Over the years, financial institutions in collaboration with switch operators and internet and mobile network operators are increasingly paying more attention to branchless banking services (Aborisade, 2014).

4.3.2.3.3 Access to credit

Credit refers to extending financial resources from formal or informal financial institutions to production units that require additional funding or funding related services for future repayment (NFIS annual report, 2012). This may be in form of any mode of financing provided by Islamic or conventional banks. Government made various efforts towards provision of additional funding to agribusiness entrepreneurs, through DMBs, MFIs, and many other financial institutions that are mandated by law to extend financing related services (Oni, & Daniya, 2012).

Credit enhancement schemes and access to credit are some of the cardinal objectives of financial inclusion strategy. Access to credit leads to a financially inclusive society, and a financially inclusive society leads to sustainable economic growth and development. Even though, access to credit alone does not guarantee sustainable development, unless the accessed funds are utilised in a productive venture (Akin-Fadeyi, 2015).

Despite the efforts of banks and other financial institutions to give out credit to deserving entrepreneurs, credit needs of agribusiness entrepreneurs were not adequately met (Weber, & Musshoff, 2013). This led to government efforts of initiating various credit enhancement schemes like establishment of bank of agriculture, to enable entrepreneurs at the grass-root access credit. Regardless of all that has been previously done to enhance credit, access remains a current issue. This may relate to various issues from both the demand and supply side of credit.

4.3.2.3.4 Access to remittances

According to the G20-GPFI report (2015), remittances refers to cross border transfer of funds, from one individual to another. Remittances enable transfer of funds through a bank account to the recipient. Aga, Martinez, and Maria (2014) found a direct relationship between receiving foreign remittances and financial inclusion in Africa. Therefore, a high extent of receiving foreign remittances indicates a high rate of financial inclusion among receiving households.

4.3.2.3.5 Access to pension

Access to pension means an entrepreneur has a contributory pension account with any pension funds administrator during his working time for future regular income after his retirement from active service because of old age or disability (Farayibi, 2016). Access to pension as one of the indicators of financial inclusion is regulated by the new contributory pension scheme, which was established to ensure access to financial resources and services at an old age, out of employment, or in case of eventual disability of the account holder (Farayibi, 2016).

Although the pension scheme in Nigeria is available to employees, there is no contributory pension service scheme to the small-scale private sector, even though, the pension reform act made a provision for that (Schwarz, & Abels, 2016). The social pension fund is not yet implemented in most AFI member countries (Ekpulu, & Bingilar, 2016). Public and private institutions are increasingly enrolling their employees to new pension schemes. However, there is a need for more awareness and education to promote the use of pension services in Africa (Organisation of economic cooperation and development working paper, 2014).

4.3.2.3.6 Access to insurance

Insurance is a special arrangement where an organisation offers a guarantee to compensate the insured against a specific damage, loss, death, or any possible eventuality in exchange for premium payment (NAICOM, 2016). Access to insurance service is another financial inclusion indicator. Like other African countries, except South Africa, penetration of insurance is very low. Low literacy on insurance causes low clients' trust in the insurance industry. Poor insurance product packaging is also considered as the cause of low patronage (Ghasemaghaei, Eslami, Deal, & Hassanein, 2016).

However, growth in insurance usage was attributed to government laws that compelled people on various insurance subscriptions, like the vehicles' third-party insurance. Many individuals do not see insurance policy from a positive perspective (poor attitude) largely due to low literacy and consumer trust in the sector (Ghasemaghaei, Eslami, Deal, & Hassanein, 2016). Small businesses on the other hand are not willing to comply by registering and paying insurance premiums, which is largely due to their low level of faith and awareness in the insurance policy (Ghasemaghaei, Eslami, Deal, & Hassanein, 2016).

The financial services discussed above should be delivered to individuals through appropriate channels. Channels of delivering financial services here represent means, mediums, or outlets of delivering financial services to customers. Financial services penetrate individuals through appropriate channels. According to AFI standard, appropriate channels for delivering financial service products are commercial banks, microfinance banks, ATMs, POS, internet, and mobile banking (AFI annual reports, 2015).

4.3.2.4 Penetration indicators

This refers to distribution of various access points to all individuals and all locations. The extent of financial inclusion can be indicated by the extent to which individuals have access points to financial services in different locations. Financial inclusion is said to be easily accessible if the following channels are available and spread in various locations in a country.

4.3.2.4.1 Deposit money bank (DMB) branches

Globally, bank branches are found to be more concentrated in major cities and major towns than rural areas, due to the banks' nature of business (Rao, & Baza, 2015). Meanwhile, to ensure access to financial services, there is a need to increase access to financial services by rural and remote areas, which informs the establishment of micro-finance banks, other microfinance institutions, and bank agents (NFIS annual report, 2015). Therefore, the extent to which bank branches penetrates rural and remote areas determine the extent of financial inclusion.

4.3.2.4.2 Microfinance bank (MFB) branches

DMB are mostly located at commercial or highly populated areas. Therefore, they cannot be available to serve rural areas. So, instead of relying on DMB branches to extend financial services to rural areas, microfinance banks were established to reach rural and remote areas (Thomas, & Dave, 2015). Moreover, DMBs prefer to extend financial services to remote areas through electronic banking channels like ATMs, POS, mobile and internet banking. Microfinance banks were established due to failure of community banks to perform their expected role of rural community financing, and failure of commercially oriented deposit money banks to reach various communities. (NFIS annual report, 2015). An increased number of MFBs in rural and remote areas increases the extent of financial inclusion.

4.3.2.4.3 Automated teller machines (ATMs)

There is widespread installation of ATMs and increased volume of ATM transactions. Banks usually install ATMs at their branches, market areas, public buildings, or busy streets (Ambarkhane, Singh, & Venkataramani, 2016). Despite all its challenges like poor internet connectivity, queue or dispense error, people prefer using ATMs than bank hall (over the counter) to perform transactions. ATMs are used more often for cash withdrawal than other services like cash transfer, bills payment, account balance enquiry, mobile phone recharge, and cash deposits. Meanwhile, small entrepreneurs are also using ATMs (NFIS annual report, 2015). However, like bank branches, customers must travel to ATMs location to perform a transaction. This is unlike POS, where transactions can be made at vendor's business location (Bruhn, & Love, 2014).

4.3.2.4.4 Point of sales (POS) payment services

Point of sales machines are small electronic instruments that are tailored to enable transfer of money from customers' account to sellers' (vendor's) account, which increases easy access to cash transfers (Bayero, 2015). As at 2015, there has been an actual growth in volume for POS transactions by 193% between 2013 and 2014 alone. Furthermore, the rate of POS terminals' deployment also increased by 5.87% among Nigerian traders during the same period (NFIS annual report, 2015). Meanwhile, with the advent of smart phones, there is no need to visit the vendor's location to make payments, which enhances the need of the mobile and internet banking system.

4.3.2.4.5 Internet banking

The internet banking system enables individuals to make cashless computer-based transactions like transfers, balance enquiry, purchases, and remittances (Alalwan, Dwivedi, Rana, Lal, & Williams, 2015). Banks usually handle electronic payment system mechanism, in collaboration with private payment companies, and or inter-switch companies like e-Transact, Master-card, Visa, Verve, and Quick-teller and many others. "Inter-Switch" is an agent for online electronic transactions infrastructure for processing payment. It connects several payment channels, enablers, and payment processors to the payment platforms. Telecommunication companies presently are involved in enhancing electronic payment systems with several operators. Increased access to internet banking across countries increased easy penetration of financial services, hence, increasing the extent of financial inclusion (Bruhn, & Love, 2014).

4.3.2.4.6 Agent banking

There are several mobile money operators (MMO) across countries serving electronic banking systems. The latest figure shows a substantial growth of MMOs' customers and increase of MMOs transaction volume across AFI member countries. Mobile money agents and subscribers' access points also increased substantially across Africa (Albert, & Kung'u, 2016). This increase in agent banking has seriously increased penetration of financial services across Africa (Albert, & Kung'u, 2016).

4.3.2.4.7 Mobile banking

The mobile banking system enables individuals to make cashless transactions with their mobile phones. It enables transfer of cash, recharge cards or other valuable vouchers that can be converted to cash (Asongu, 2015). Telecommunication companies presently are involved in enhancing electronic payment systems with several operators. This involvement increased penetration of financial services across the globe (Asongu, & Nwachukwu, 2016).

4.3.2.5 Performance indicators

These indicators enable assessment of financial inclusion performance. They intermittently show whether financial inclusion objectives are achieved or not. Performance indicates from a broader perspective the impact of financial inclusion among adult population and the overall economy. The indicators are discussed below.

4.3.2.5.1 Target accomplishment

Financial inclusion has a general target of reducing the number of excluded adults and increasing inclusion. I it also has the specific target of a country which could be accomplished over a given period. Target accomplishment over time is one of the major indicators of financial inclusion success. According to AFI Annual Reports, (2015), each country has its own target by 2020, which depends on the country's state of financial inclusion and objectives to be achieved.

4.3.2.5.2 Impact on society

Financial inclusion has an ultimate target of creating an impact on the well-being of the society. In the work of Park, & Mercado (2016), the impact of financial inclusion is assessed on alleviating poverty and income inequality, where they established a direct relationship between poverty, income inequality and financial exclusion. Divya (2013), on the other hand, showed the tremendous impact of financial inclusion on daily wage income earners. It is also found from Swamy, (2014) that financial inclusion has an economic impact on poor households.

4.3.2.5.3 Economic growth and development

The ultimate objective of any financial system strategy is economic growth and development. Mbutor & Uba (2013) supports the notion that a well-coordinated and growing financial inclusion leads to improved and effective monetary policy, which leads to economic growth and development. Dabla-Norris, Ji, Townsend, & Unsal (2015) identified the importance of financial inclusion and its impact on GDP and inequality. They emphasised that financial inclusion is a driver for economic growth and development. Bruhn, & Love (2014) also identified a real impact of improved access to finance on economic development in Mexico.

4.3.2.5.4 Poverty reduction

Poverty reduction is one of the indicators of achieving financial inclusion objectives. Poverty reduction is an end-result for financial inclusion programmes. This means that, instead of incorporating poverty reduction schemes in financial inclusion objectives, the financial inclusion programme is designed in a way that when individual adults are financially included, poverty will obviously be eradicated. Therefore, too much poverty is an indicator of financial exclusion (Park, & Mercado, 2016).

Achieving financial inclusion objectives depends on the performance of various institutions and policies. The institutional arrangements that may lead to achieving financial inclusion objectives involves the use of some key performance indicators (KPIs) as the yard stick for measuring financial inclusion performance, as discussed in the following.

4.3.2.6 Key performance indicators (KPIs) in Nigeria

Major Key Performance Indicators (KPIs) are some selected processes of measuring the impact of financial inclusion among adults. They are designed to monitor and evaluate performance on agreed targets. The state of inclusion can also be diagnosed properly, enables identification of barriers to achieve set target, enables reestablishment of appropriate policies, and measures the impact of policies that enhance financial inclusion.

Various dimensions were put in place to indicate financial inclusion performance, like access, usage, appropriateness, affordability, consumer literacy and extent of consumer protection. Financial inclusion in Nigeria has two forms of indicators to measure extent of financial inclusion such as: Single index, like the number of excluded adults and progress index, which measure financial inclusion through channels indicators, like number of DMB branches, number of microfinance banks' branches, ATMs, POS, internet banking, mobile agents, and KYC indices per square kilometres, or per 100,000 adults. Table 4.3 below shows some clear indicators to assess performance based on targets, as defined by EFInA survey report (2012).

Table 4.3:

Key performance indicators (KPIs) for measuring financial inclusion extent

Unit indicator	Performance variables
Penetration of financial service channels Per 100,000 adults, per 1 Square km	DMB branches MFB branches ATM, POS Mobile agents
Access and use of financial services. Number and frequency of use	Payments Savings Credits Insurance Pension
Affordability	Cost of usage Cost of initial entry level Interest rate spread b/w savings and credit
Appropriateness	Reasons for not having financial product
Financial literacy	Product understanding, features, and benefits Business planning, cash-flow, and expenses, Informed decisions by awareness of options Understanding of consequences
Consumer protection	Over-indebtedness on clients Transactions' transparency Complains and conflict resolution mechanism Number of complaints on practices and staff Privacy of clients' data

Source: NFIS annual report, (2012)

Going by the current growth rate by all performance indicators, the target of 2020 may not be achieved, unless more effort is put in place. From the recommendations of Organisation of economic cooperation and development working paper (2014), there is a need for massive public awareness campaign and financial education, as well as making clear of what benefits financial services can give to the target beneficiaries.

Table 4.4 below shows the previous and current state and target of financial inclusion in Nigerians.

Table 4.4

Objectives of* financial inclusion *in use of formal financial service from 2010 to 2020

Current state & targets	**Products & Channels**	**State as at 2010**	**2015 target as at 2012**	**Current state of 2015 target**	**Target of 2020**
% of adult Population	Payments	36%	53%	Not clear	70%
	Savings	24%	42%	Not clear	60%
	Credits	2%	26%	Not achieved	40%
	Insurance	1%	21%	Not achieved	40%
	Pensions	5%	22%	Not achieved	40%
Units available / 100,000 adults	DMB branches	6.8	7.5	Not on track	7.6
	MFB branches	2.9	4.5	half target achieved	5.0
	ATMs	11.8	42.8	40% achieved	59.6
	POS	13.3	442.6	27.5% achieved	850.0
	Mobile agents	0	31	No data	62
% of Population	KYC	18%	59%	Target achieved	100%

Source: NFIS annual report (2015)

Requirements for financial inclusion in this study involves any arrangement, policy or programme that may lead to achieving financial inclusion objective, the identified policies that serve as enhancers in achieving financial inclusion objectives as discussed below.

4.3.3 Requirements for financial inclusion

Requirements for financial inclusion here means any arranged and coordinated intervention activities, policy or programme that enables or monitors achieving the goals of financial inclusion (Grady, 1993). Central banks gave priority on providing enabling programmes like KYC or consumer protection financial literacy framework as enablers of financial inclusion. There is also a monitoring process to ensure financial inclusion's success by coordination of institutions to collaborate in ensuring achieving financial inclusion's success, use of appropriate regulations and policies, and technological enhancement. These requirements for financial inclusion are discussed as follows.

4.3.3.1 Financial literacy

Financial literacy is defined in financial inclusion documents as individuals' attainment of knowledge and skill for effective financial resources' management for their economic well-being, and providers of financial services' understanding of their products, associated risk, clients' needs and how to meet these needs (NFIS annual report, 2012). Once financial service providers and clients possess required financial education, it can increase confidence, trust, and willingness to actively participate in the formal financial system, since financially literate adults can make informed decisions, create business plans, access information and understand products' features.

According to Fernandes, Lynch Jr, & Netemeyer, (2014), there is an organised collaboration and initiatives to increase financial literacy among Nigerian adults, which were put in place at various institutional levels. The objective of the financial literacy framework is to improve understanding of products' existence, features, purpose, benefits, and cost. The financial literacy framework is also aimed to increase information access, business planning skills, and to make informed financial decisions, bearing in mind the consequences of any decision taken. The target of NFLF is to create awareness and education in primary schools, secondary schools, tertiary institutions, and general public by 2020.

The factional financial literacy framework established that, to ensure economic growth, there is a need to recognise relevant linkages between financial literacy, education, and capability in one hand, and consumer protection, market stability and financial system stability in the other hand. Increased financial awareness and education, together with effective consumer protection framework are important ingredients for financial intermediation among commercial banks.

At the time of recognising the need for financial inclusion in Nigeria, the government realised that financial literacy is an important requirement for enabling individuals to be financially inclusive. Hence, in 2012, the financial literacy programme was launched, and its framework called financial literacy framework. The financial literacy framework was designed as an outline for the implementation of the financial literacy programme.

There is a strong collaboration of the following institutions in figure 4.2 below, to ensure financial awareness and education. Banks are usually using work place to improve staff's financial literacy who in turn informs customers (Xu, & Zia, 2012). They also distribute in-branch flyers and display audio-visual information.

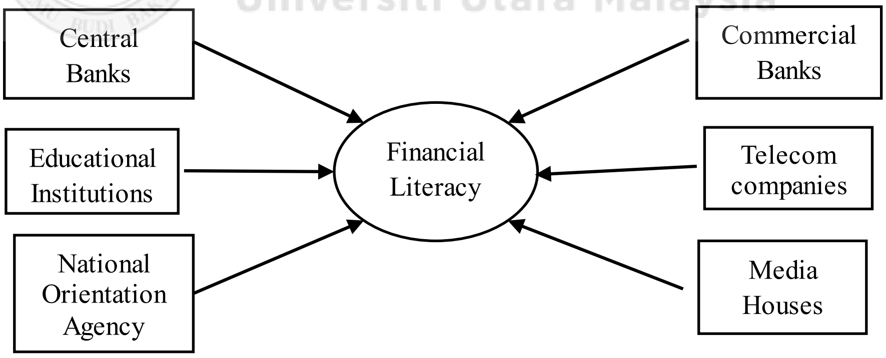

Figure 4.2
Collaborating Institutions in enhancing financial education and literacy

4.3.3.2 The concept of Know Your Customer (KYC) framework

KYC requirement is a provision made by financial policy and regulation department of Central banks. KYC was established under AML/CFT regulation 2009 (as amended), to counter money laundering and terrorism financing. KYC is CBN's requirement mandating all banks to confirm the identity of their present and potential customers. The essence of comprehensive KYC regulation is to relax documentation requirements to simplify account opening procedures for small unbanked individuals and small account holders to increase access to financial services. It is also designed to prevent money laundering and any other unscrupulous practices against banks and unsuspecting customers, with the view of protecting customers and banks, to increase confidence in the financial sector, which in turn increase financial inclusion.

The concept of KYC is seen from two parts as a uniform KYC approach and as a risk-based approach. The former uniformly considers KYC requirements for all financial service's types, regardless of risk, volume or types of transaction contained, like physical location and identification of account holders. The later considers KYC requirements based on type, value, volume of transactions, or risk of financial service. The Nigerian financial sector according to NFIS annual report, (2015), relies on the uniform KYC approach, as a minimum required standard to maintain an account with banks. However, financial institutions may likely intensify the search to know more about their customers. They may also require more valid means of identification in some types of transactions as compared to others.

KYC identity requirements target (2015) was achieved largely due to efforts on national identity management (NIMC) and bank verification number (BVN) registration. Financial institutions' KYC as a regulatory requirement for financial institutions to establish the identity of business partners, is established to ensure that an institution knows its clients for avoiding fraud, terrorism financing, identity theft and money laundering, as well as an intensive knowledge about customer's personalities and their businesses to serve them better (Gelb, 2016).

Based on banking practice, it is a responsibility of the account officer to verify the identity of a customer in terms of name and physical location address, client's age, tax status, other investments, financial needs, business knowledge and experience, time horizon in business, risk tolerance, liquidity needs, date of birth, employment status, annual income, financial status, net worth, bank verification number and national identification number. It is also important to go further to gather information about customer's financing objectives and plans, financial capacity as well as those that can stand on his behalf like, lawyers, financial advisors, guarantors/referees, agents and next of kin before financing or agreeing to the loan contract.

Eligibility and KYC is one of the challenges to financial inclusion as evidenced by the nature of documentation requirements for account opening, such as bank statement, utility bill, local government rates and taxes invoices as well as tenancy agreement. Others are the birth certificate, personal identity document, drivers' licence, international passport, and tax return. Although the above documents are eligible to open an account in Nigeria based on KYC requirements, banks may be selective on the documents, because they do not relay on all of them. On the other hand, some clients find it difficult or costly to obtain such documents. Despite all these challenges, banks are critical on identity, therefore, they ought to make an extra enquiry on clients' source of income, nature of business, and transactions. They make visits to the physical address and check all related documents. However, based on NFIS Annual Report, (2015), one of the objectives of financial inclusion strategy is to transform KYC regulations to a simplified, risk-conscious framework, that can enable people with such identification and documentation difficulties obtain appropriate formal financial services.

4.3.3.3 Consumer protection

One of the cardinal objectives of financial market's regulation and supervision is to ensure efficient consumer protection practices. Consumer protection promotes and facilitates benefits of financial inclusion through increased market discipline, confidentiality, openness, and increased availability of information for informed financial decision making to customers (NFIS Newsletter, 2016).

Consumer protection practice by CBN is preserved in section 2(d) of the CBN Act 2007 to ensure financial system stability and increased public confidence in the financial sector. Consumer protection is a responsibility of regulators in each sector of the financial industry, like consumer protection department of CBN, PenCom, and NAICOM who ensure protection of banking, pension, and insurance consumers, respectively. Besides this, they ensure product transparency in language and processes, avoiding unfair treatment, prompt complain resolution, third party recourse, as well as to guarantee interest of both parties and ensure customers and the financial institutions are protected.

Consumer protection is another ingredient to enhance financial inclusion and is designed to safeguard clients' interest for sustainable confidence in the financial sector. CBN has a consumer protection department, where complaints are received from bank customers over the behaviour of their bankers or agents, for prompt intervention and disciplinary action. Lukonga (2015) considers the impact of financial literacy and consumer protection as the main pillars of financial system stability and functionality.

4.3.3.4 Financial regulations

Financial inclusion documents have shown that regulatory institutions are duty bound to ensure compliance in their respective sectors, using guidelines that establish their functions, to protect institutions, customers, and avoid violations of operational policies (NFIS annual report, 2015). In the work of Goodhart, (2015), financial regulatory institutions make performance appraisals, periodic visits to branches, online monitoring, roving-eye and surveillance reports, public complaints handling, monitoring and evaluation to ensure adequate documentation, education, disclosure requirements and consumer protection. They are responsible to ensure monetary and financial stability, financial infrastructure, and provide an enabling environment to financial institutions. For instance, regulatory bodies in CBN are mandated to make policies, such as enrolment into the compulsory bank verification number (BVN), consumer protection, financial literacy promotion, savings, and credit enhancements as well as cashless payments promotion in their various subordinate institutions. On the other hand, the financial inclusion secretariat is not mandated to enforce any law but to collaborate with other institutions to coordinate financial inclusion strategy activities. Regulators like CBN, NAICOM, PENCOM and NCC are set to make policies, and are duty bound to enforce and ensure compliance in their respective institutions. Furthermore, tthey impose fines and sanctions on violating institutions. (NFIS annual report, 2012).

4.3.3.5 Institutions' collaboration

To achieve financial inclusion objectives, two types of stake-holder institutions are identified; key stake holders and supporting institutions that play an important role. There is a need for continuing associations and collaboration between institutions as financial inclusion stake-holders. These institutions serve as implementers, regulators, participants, and supporters of financial inclusion strategy. They serve in various capacities and their contribution is important in enhancing financial inclusion of small-scale agribusiness entrepreneurs.

Some institutions are key stakeholders within Central Bank of Nigeria (CBN), such as development finance department, banking supervision department, non-banks financial institutions' supervision department, banking and payments system department, consumer protection and financial literacy department, financial services regulation, and coordination committee, and financial inclusion secretariat (Unit or divisional level). Other collaborating financial institutions outside CBN are deposit money banks, development finance institutions, bankers' committee, microfinance banks, other microfinance institutions, committee of microfinance banks in Nigeria, national insurance commission, insurance companies, national pension commission, and pension funds administrators.

There are also some important non-financial institutions that play a vital role in achieving financial inclusion objectives, such as national communication commission, mobile money (payments) operators, Nigerian postal services, ministry of education, national bureau of statistics, national planning commission, national identity management commission, as well as other local and international development partners like EFInA, CGAP and Deutsche-GIZ.

4.3.3.6 Technology enhancement

Enhancing technology is one of the requirements for financial inclusion. It enables financial institutions to reach excluded, and offer them diverse and efficient services (Saxena, & Anand, 2017). With the aid of technology, banks offer mobile and internet banking for better and easy transactions, and information management (Nicoletti, 2017). Rural areas in sub-Saharan Africa are dispersed and many physical infrastructures may not reach all of them, but, with the aid of modern technology, outreach can be increased (Hankla, 2015). Therefore, modern technology is required for financial inclusion success.

4.3.4 Finding on theme one

The research objective of main theme one (1) is to identify the appropriate indicators and requirements to examine financial inclusion strategy. From the findings of content analysis, various indicators and requirements of financial inclusion are identified and discussed above. A model in figure 4.3 below is designed to show some coordinated financial inclusion activities that may lead to achievement of financial inclusion objectives.

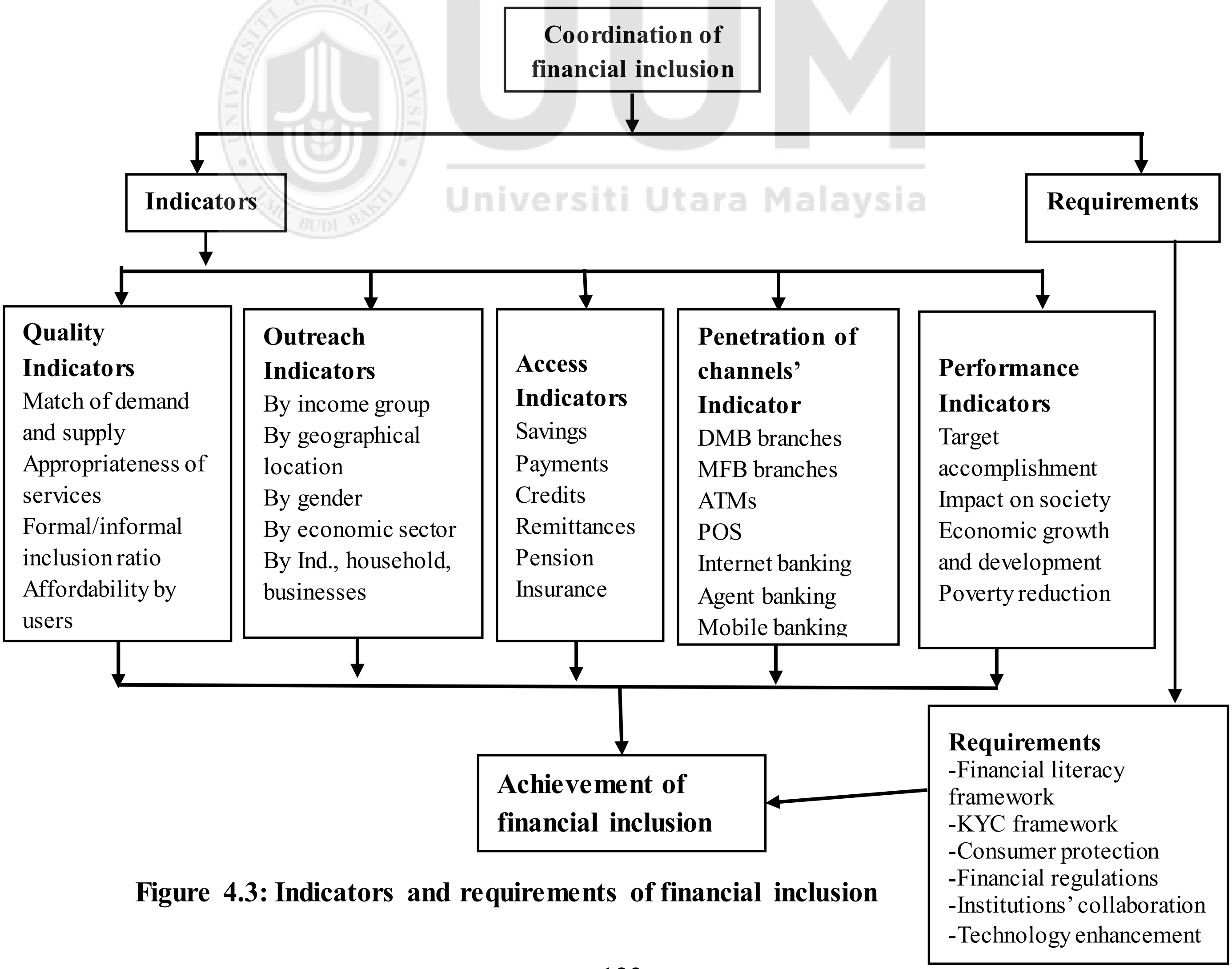

Figure 4.3: Indicators and requirements of financial inclusion

From the discussions of indicators and requirements of financial inclusion and figure 4.3 above, the researcher established a relationship between coordination of financial inclusion and achievement of financial inclusion objectives. Coordination of financial inclusion is to ensure its achievement through the variables indicated in figure 4.4 below:

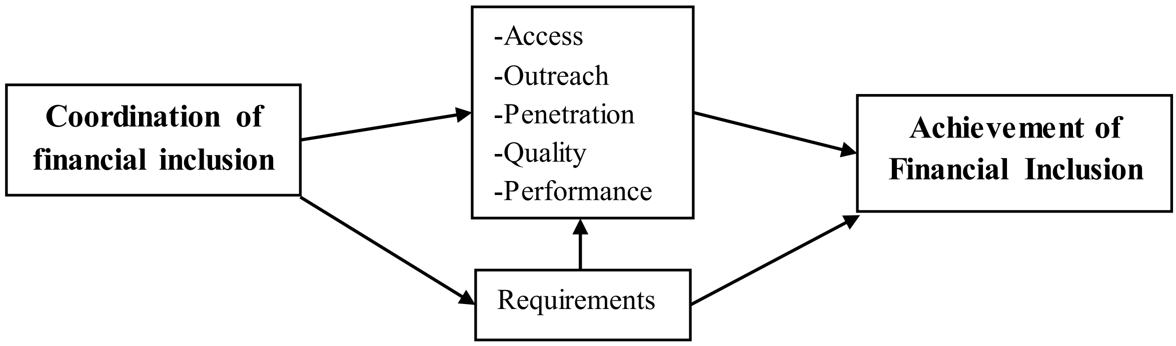

Figure 4.4
Relationship of financial inclusion strategy and financial inclusion achievement

As stated earlier in methodology, the researcher conducted an interview with one NFIS staff in CBN Nigeria, and thoroughly reviewed NFIS documents. The researcher found that all indicators and requirements (KPIs) used by NFIS office in Nigeria are among the indicators and requirements in the content analysis above. But, the financial inclusion strategy in Nigeria does not consider all the indicators of financial inclusion mentioned above. However, the previous literature shows that no single literature used all the indicators and requirements to measure the extent of financial inclusion in any country.

4.4 Main theme 2: Financial institutions' approach to implementing financial inclusion

There are many financial institutions responsible for implementing financial inclusion, such as commercial banks, microfinance, specialised, and development banks, pension funds administrators, insurance firms, and other private finance managers like money lenders. In this study, only the implementation approach of commercial banks (DMBs) was considered. Among the banks, three (3) were selected, and the basis of selection was discussed in methodology (sampling) section above. The researcher identified five (5) sections of the financial inclusion implementation approach, which was selected based on the content analysis in main theme 1 above. The five items (inclusive access to savings, access to credit account, KYC, consumer protection, and financial literacy) discussed, forms the basis of implementing financial inclusion by Nigerian commercial banks. Figure 4.5 below shows the six (6) subthemes as financial inclusion implementation process and the challenges of implementing financial inclusion process by banks.

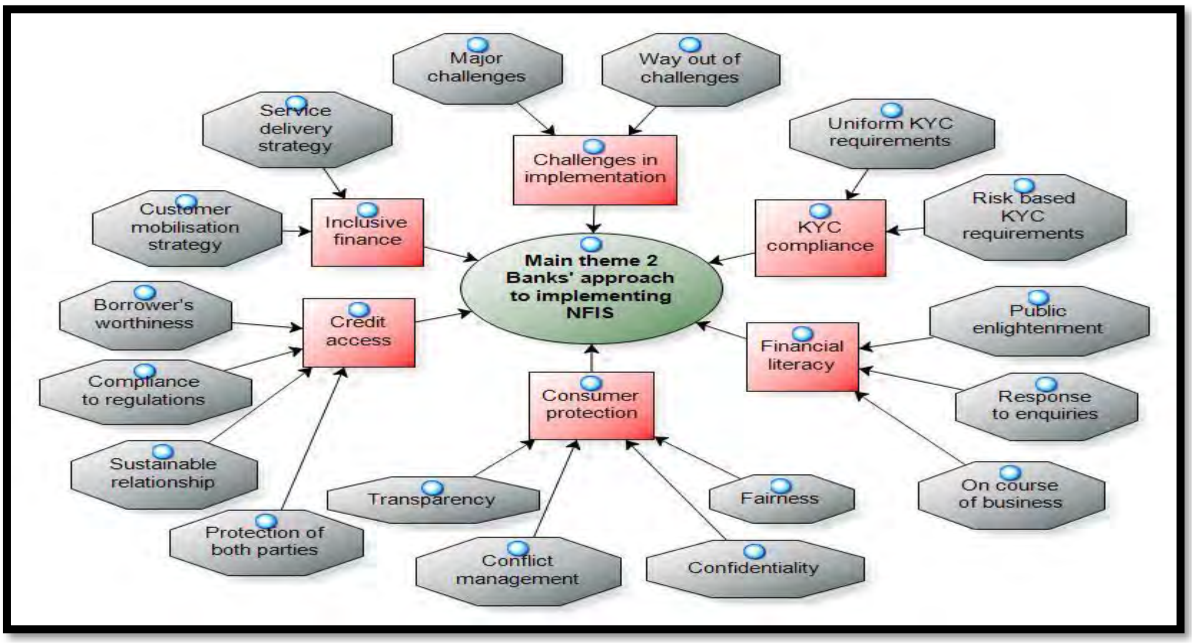

Figure 4.5: Main theme 2 Banks' implementation process of financial inclusion

Each of the five sections and challenges above has sub-themes and sub-sub-themes under it, making this section having six (6) sub-headings. Both implementation process and the challenges of financial inclusion implementation were discussed based on the responses of the bank managers.

4.4.1 Banks' approach to implementing inclusive access to finance

Inclusive finance in this study means, to ensure every small-scale agribusiness entrepreneur has access to financial services, which consist of at least a bank savings account. Based on the responses of the bank managers, two themes 'emerged', from their explanation of how they ensure access to financial services to every Nigerian adult. The emerging themes are customer mobilisation and service delivery.

To ensure every Nigerian has access to financial services, banks did not relent their efforts on mobilising people to patronise their services. Each of the three (3) informants explains the strategy their bank adopts to mobilise people, which are discussed below.

The first bank has the largest customer network in Nigerian retail banking sector (The Nation, 2015). This may be the reason they prefer the retention strategy. The response of the first bank manager was as follows:

> *"Although we engage in marketing other prospects, but, we give priority to retaining old ones. because we have large number of customers, we first consider customers' needs and we engage in transactions' monitoring, courtesy calls, and frequent visits to our customer to ensure we retain them, by delight service"* **(Inf. 2, Resp. 1, page 297).**

UBA branch manager said about their strategy that, apart from normal selling of their services on daily routine, they engage in reference marketing, by tracking transactions or by requesting information from other customers. They do it strategically to identify prospective customers. This strategy is more applicable in identifying better off customers, rather than small-scale farmers.

Based on his responses, the Jaiz bank manager is more concerned with attracting all categories of customers, regardless of their financial status, as he stated that:

> *"We engage in customer mobilization by house to house and visits to business premises of our present and prospective customers, to see every-one, regardless of religion, age, or gender has account with us, so that we can make the whole financial system of the country Islamic"* **(Inf. 4, Resp. 1, page 302).**

In ensuring inclusive access to financial services, better service delivery is identified as a strategy in different forms. Each of the bank managers show the strategies they use to serve customers better.

FBN use the strategy of efficiency in service to retain customers, where the manager said,

> *"We also try to protect our customers' funds and confidence from fraudsters and hackers by deployment of required devices and personnel. We do this to retain our name and customer network and give them efficient services"* **(Inf. 2, Resp.1, page 297).**

The UBA manager emphasized on the use of technology as they deploy modern technology, frequently upgrade their systems and software, modern payment systems, and they make preparation for alternative power sources, to avoid power failure. They also have specialised departmentation of personnel and tools that can serve all customers' needs.

JAIZ bank manager gave an impression of what they do to enable them to serve a large number of customers they are trying to mobilise, as he said:

> *"We also optimise our service capacity through staff training and development, sufficient tools, branch network and appropriate deployment of resources, to enable us financially include every Nigerian"* **(Inf. 4 Resp. 1 Page 302).**

However, from their discussions, each bank has its strategy towards inclusive finance, as shown in figure 4.6 below.

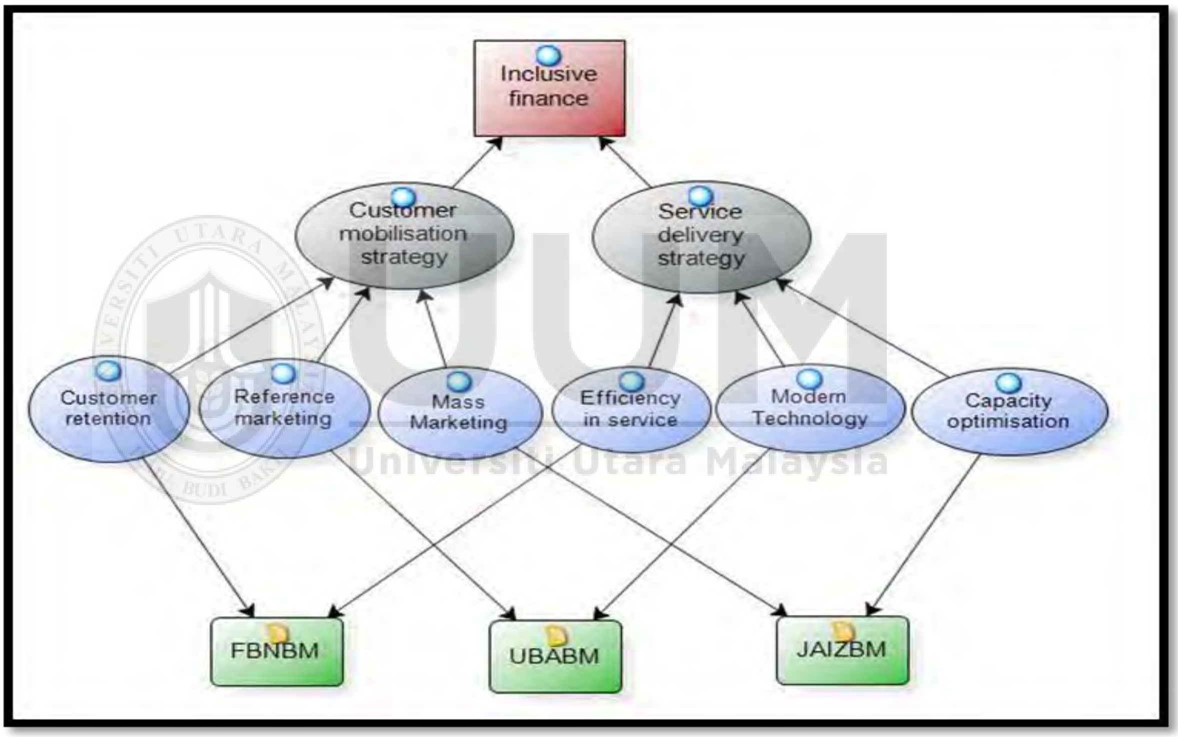

Figure 4.6
Banks' approach to inclusive finance implementation

All the three banks (FBN, UBA, and Jaiz bank) are found to be aggressively involved in attracting individuals and businesses for banking service patronage through customer mobilisation and efficient service delivery. Nevertheless, small agribusiness entrepreneurs' responses show that banks are aggressive in marketing to mobilise deposit, without giving much emphasis on what customers may require in terms of financing services. Hence, banks' customer mobilisation efforts may be connected to enormous deposit mobilisation targets being imposed on banking officers and their branches. In relation to this, managers opined that their banks are deploying efficient service delivery mechanisms to attract and retain customers. Therefore, banks emphasise on effective and efficient service delivery to attract and retain customers.

It was also found that the Jaiz bank concentrates more on mass marketing and capacity optimisation to attract numerous Muslims to its banking business. On the other hand, the already established conventional banks (FBN and UBA) emphasize on retention of existing customers and strategically targeting well to do individuals. The Jaiz bank's emphasis on mass marketing strategy is because the system of banking is relatively new and needs to establish more deposit bases from customers. Furthermore, the geographical distribution of Jaiz Islamic bank branches is inadequate, which shows that they are mainly based in commercial centres of the main cities in northern Nigeria.

Payment terminals are spread across the country, but, mainly distributed in cities and major towns, even though the number of payment terminals per 100,000 adults and per square kilometre is low in northern Nigeria compared to the southern part of the country. Some customers are sceptical of using the terminals for fear of service failure due to dispense error, internet connection failure, and queuing time. Above all, Nigeria (particularly north) is a cash-based transaction economy, which reduces the chances of using electronic cash transfers. The Jaiz bank has a fewer number of ATM and POS machines across the region, compared to FBN and UBA.

4.4.2 Banks' approach to implementing access to bank loans/financing

Access to credit in this study refers to how DMB ensure extension of credit services to their small-scale agribusiness customers on the process of implementing financial inclusion. The responses of managers show that borrowers' worthiness, compliance to regulations, sustainable business relationship as well as protection of both parties are their guiding principles in enhancing credit access.

Banks are more concerned of their funds' safety; therefore, they consider borrowers' worthiness before giving out credit. Mangers of FBN and UBA gave emphasis on borrowers' worthiness on the process of giving out credit, as understood from their responses below:

> *FBN manager said: "We first monitor transaction to identify worthy borrowers from our customers' business history or even from other banks' customers, by tracking interbank transaction instruments, to make sure the borrower is credit worthy. We also take extra time and effort to investigate and ensure about customers' trustworthiness and integrity"* ***(Inf. 2, Resp. 2, page 297).***
>
> *While UBA manager responded as saying: "We make close observation on clients' business activities to see if there is a financing needs in their business and we also observe what they want from their record of business and financial accomplishment, sometimes we don't wait un-till customer ask for credit, if he deserve it we make offer"* ***(Inf. 3 Resp. 2 Page 300).***

On the other hand, UBA and Jaiz bank mangers express their awareness to compliance on the process of giving out loans. The UBA manager said that in any case, they are always conscious of following rules and regulations for peaceful business relationships. While Jaiz bank manager responded by saying:

> *"when it comes to financing, we are obliged to monitor business performance to make sure things are going on a right way and client is complying with Sharia'h principles. Our financing committee at branch level, at any time shall ensure thorough risk management and analysis process, before we forward proposals to higher committees at head office,*

to ensure compliance, for all forms of financing type" ***(Inf. 4, Resp. 2, page 302).***

All the three bank managers gave emphasis to business sustainability. They emphasised on lending relationship that can lead to sustainability of customer's business as well as bank lending relationships. This emphasis is evidenced from their responses, where FBN manager said they envisage not only customers' repayment capacity, but, also on his ability to benefit from the credit facility for sustainable relationship, while at the same time the bank also benefits. The Jaiz bank manager also said that they always monitor utilisation of funds to the right business investment in which the funds are meant for, so that they can avoid diversion, misappropriation, and possible business failure. Lastly, the UBA branch manager added that, once they realise a customer is creditworthy, they offer loans to him. They are also advising customers for business expansion if a customer is interested in financing, particularly those that are doing well.

In the lending business, FBN and Jaiz bank managers said that they try to protect the interest of their banks as well as that of the customer. The Jaiz bank branch manager also added that they are obliged to always monitor the borrowers, because, when they hear 'Islamic bank, some of them assume that the bank is not as prudent as other banks. Their overall responses are summarised in figure 4.7 below.

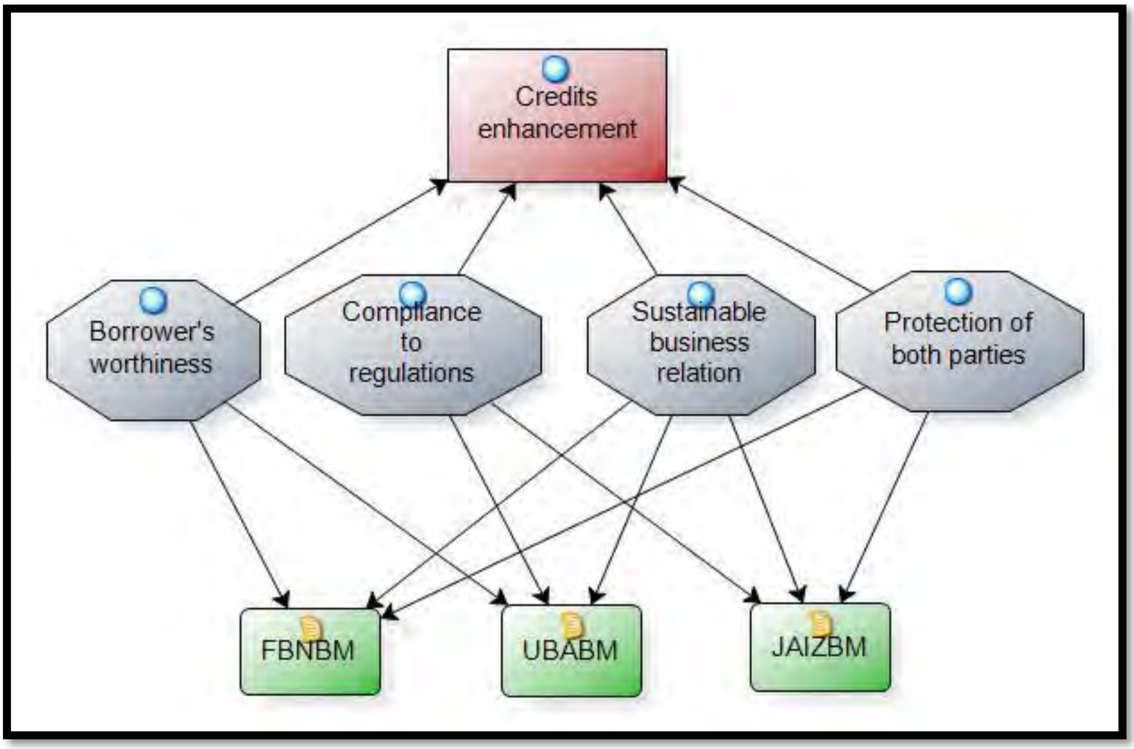

Figure 4.7

Bank's Credit enhancement implementation process

4.4.3 Banks' approach to implementing know your customer (KYC) requirement

KYC is a legal requirement for banks to ensure that the identity of their business partners is known and verifiable. The concept of KYC is a requirement for ensuring the financial inclusion objective is achieved in Nigeria. The responses of the informants, shows that, KYC is categorised into two parts; uniform KYC and risk-based KYC, which conforms to what is available from the NFIS annual report (2012).

Uniform KYC requires documentation processes in which all accounts be opened with a means of identification, verifiable address, and basic customer information, as well as all other information as may be required. Although uniform documentation and tired KYC are not different alternatives, they are complementary. The financial policy and regulations department of the CBN recently introduced and tried KYC. They found that the KYC eased documentation requirements for opening accounts by small holders and excluded individuals that do not have the required means of identification.

UBA branch manager responded by saying that they are obliged to make proper documentation on all accounts opening, and for lending transactions. The Jaiz bank branch manager said that the banking regulation demands that they undertake uniform KYC requirements from all customers at the time of opening the account. There should be no waivers on all necessary documentation requirements.

The FBN branch manager indicated that all accounts require documentation. However, irrespective of whether the account size was big or small, there is what we call "tired-KYC, depending on transaction type or volume". This indicated that when the account is opened, documentation requirements may vary, depending on the type of account or nature of transactions to be carried out on the account. For example, the account that involves foreign transactions may require the international passport, while a small holder savings account may be opened with just an employment identification card.

Risk based KYC requirements include high volume transactions, suspicious transactions, or transactions that suddenly changed pattern. Additional information, credentials, investigation, or additional search may also be required from time to time, to mitigate eventual exposure to risk. The managers are undertaking either tactical investigation or additional search in cases like this.

The FBN branch manager indicated that they do tactical investigation and close monitoring on unusual or high-volume transactions, as well as suspicious customers or transactions, to ensure safety. They do it in a way that customers may not even realise their actions. In a similar vein, the UBA branch manager said that they also confirm addresses, information, and documents of customer periodically. The investigation is to verify information, to ensure correctness and ensure everything is up to date.

Jaiz bank manager said that they do extra search on customers' personal life, integrity, and background, to have a better understanding of their business partner and his needs, but the customer may not know that they are doing a search. They do it ethically without harm. Figure 4.8 below shows responses of the bank managers on how banks implement KYC to ensure compliance.

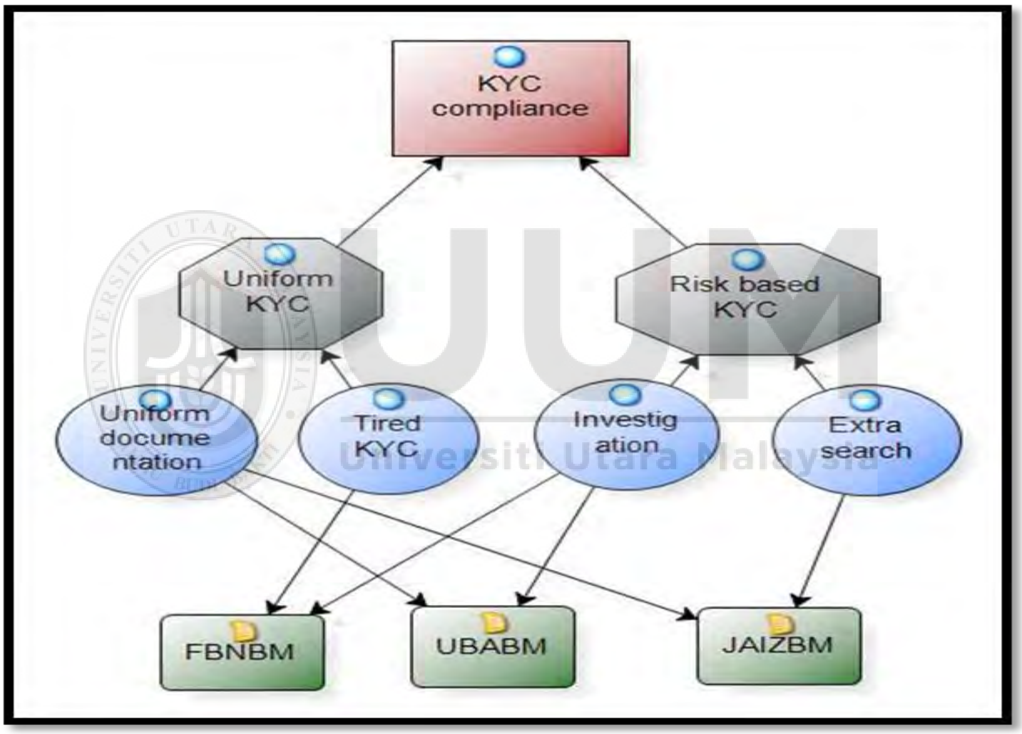

Figure 4.8
Banks' KYC implementation approach

Banks require identification of customers before opening an account. They also enquire more detailed identification requirements from customers, as customers' banking business is continuing. The initiation and implementation of the banks' customer unique verification number (BVN) by CBN has helped bankers in addressing customer identity issues. Access to customers' information on BVN's central data base has reduced banks' inconveniences of extra search and intermittent verification of customer documents. BVN is a centrally controlled unique identifier number by CBN, assigned to each individual and corporate account holder across the country. Banks are less strict in uniform documentation requirements for opening and maintaining accounts than customers requiring financing. They also do further investigations on customers' documentation requirements occasionally or based on circumstances.

The tiered KYC adopted by FBN is to allow small scale customers open and maintain their accounts with less strict requirements for identification and documentation. Furthermore, none of the banks rejects potential customers for lack of documentation requirements. However, CBN has encouraged banks to help prospective customers to obtain documentation requirements. Banks' extra search and investigation on customers' details (risk-based KYC) is designed to intensify security of customers and their wealth. However, Jaiz bank manager explained that in addition to security, they intensify search to investigate the integrity and trustworthiness of their customers.

4.4.4 Banks' approach to implementing consumer protection

Consumer protection department of CBN mandated banks and other financial institutions to ensure development and implementation of effective consumer protection strategies to enable consumer confidence and financial stability in the financial industry. This is therefore one of the requirements that enables achievement of financial inclusion objectives. Responses of bank managers show that, banks concentrate on transparency in business transactions, confidentiality, fairness, and conflict management as a mechanism to ensure consumer protection. Transparency refers openness in all business terms and conditions between the bank and its customers. To protect customers, banks make it clear and provide any information related to their transactions.

> FBN manager responded by saying *"We make transparency our watch dog. When discussing with our customer, all relevant information related to financial product or transaction, we open-up every cost and benefit that may eventually occur. We also give customer the rights to use language he can understand on business process, so that we can understand one another, we even explain in detail where a clause is in English and he cannot read and understand it clearly"* ***(Inf. 2, Resp. 4, page 298).***
>
> While JAIZ bank manager in his response said *"We openly discuss all matters related to business transaction with customers, for disclosure purpose. We also describe features, usage, cost, and benefits of financial products to customers, as well as Shari'ah implications for that product"* ***(Inf. 4, Resp. 4, page 303).***
>
> UBA branch manager said that *"We try to be open and transparent during negotiations, and on terms and conditions of business contracts with customers, to avoid any ambiguity or misunderstanding that can result to mischief or conflict* ***(Inf. 3, Resp. 4, page 300)"***

Confidentiality here refers to ensuring that information about customers remains private. In this case, even bank staff cannot interfere with customers' personal issues. From the statement of the UBA manager, it was learnt that confidentiality of the customers business is how the bank protects customers' information and transactions against third-party intervention, fraudsters, and hackers or any unauthorised person or party.

Fairness is an ethical requirement in business transactions, which requires all parties to consider the interest and benefit of one another. Jaiz bank manager added in his statements that, in any case, they always ensure prices and terms are favourable to the bank and the customers. He also added that in business, Islamic ethics are their guiding principles to ensure a pleasant relationship with customers. They therefore try to be fair to them, as ordained by Islam

Prompt conflict management practice enable banks to take care of any possible skirmishes that affect mutual relationship and satisfaction of customers. The FBN branch manager indicated that they try to avoid conflict with customers, and be proactive in the event of any conflict management process, if the conflict occurred between them and a customer. On the other hand, the UBA manager said that they always try to avoid misunderstandings and complaints with customers, and they respond promptly to customers' complaints and resolve the issues appropriately, before it becomes a serious dispute. Figure 4.9 below shows the pattern of responses as emerging sub-themes for consumer protection as emerged from the informants' responses:

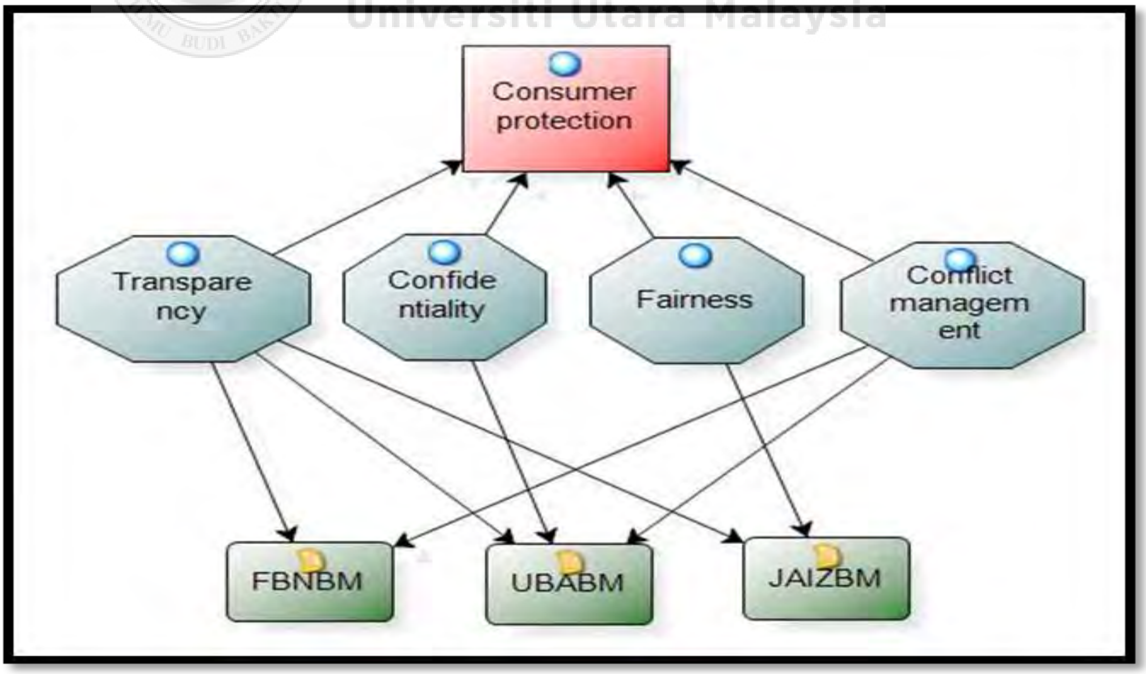

Figure 4.9
Banks' Consumer protection implementation approach

Banks are found to be doing well in protecting their customers' interest. Responses from all the bank managers show that, they emphasize on transparency in business contracts, as a mechanism to ensure consumer protection. They also emphasise on prompt conflict or dispute management to avoid customer grievance, which may result to switching loyalty. Financial inclusion strategy documents have also given much priority to transparency, fairness, and conflict management as a mechanism for consumer protection. Although small agribusiness customers are found to have little knowledge of consumer protection, the agribusiness customers interviewed did not show much problems related to infringement of their rights.

4.4.5 Banks' approach to implementing financial literacy

Financial literacy may involve various activities by stakeholders to increase awareness and knowledge of financial services. In this section, it means awareness creation activities carried out by DMB to enhance customers' understanding, and how to use financial services. This is in line with the banks' development and implementation of the national financial literacy framework, which is to increase financial education of small-scale agribusiness customers.

All the informants stated public enlightenment as their way of educating people about their services. The FBN manager said that they extend knowledge and understanding of financial services through print, audio, visual, and internet-based media houses, through news and current affairs, paid advertisement, or social media interactions. The Jaiz bank manager said that their bank raises awareness through the paid services of telecommunication companies by sending short voice and text messages. In addition, they also sponsor programmes that enlighten people on how to use financial services in an ethical manner through local radio and television stations. In the words of UBA manager, he added that they use handbills, pamphlets, leaflets, fliers, which they distribute to the public; they also use brochures, magazines, annual reports, and advertisements to enhance financial literacy among the public.

The managers of FBN and UBA added that while doing business, they create an avenue for disseminating knowledge of financial service. This is evidenced from their statements. FBN manager said that their staff members are trying to educate customers through face to face discussions and usual interactions, particularly on the course of discussing or doing business. The UBA manager said that they enlighten all walk-in customers during service delivery through audio-visual or boards display in the banking hall. Customers can get a lot of information in their bank hall, without having to ask anybody.

In comparison, only the Jaiz bank manager mentioned that they are ready to indiscriminately respond promptly to customers' enquiries and give additional information to any request to increase enlightenment, as a process of enhancing financial literacy. The responses of bank managers show public enlightenment, educating customers on course of doing business, and educating customers by responding to customer enquiries as the three (3) ways in which they educate customers, as shown in figure 4.10 below:

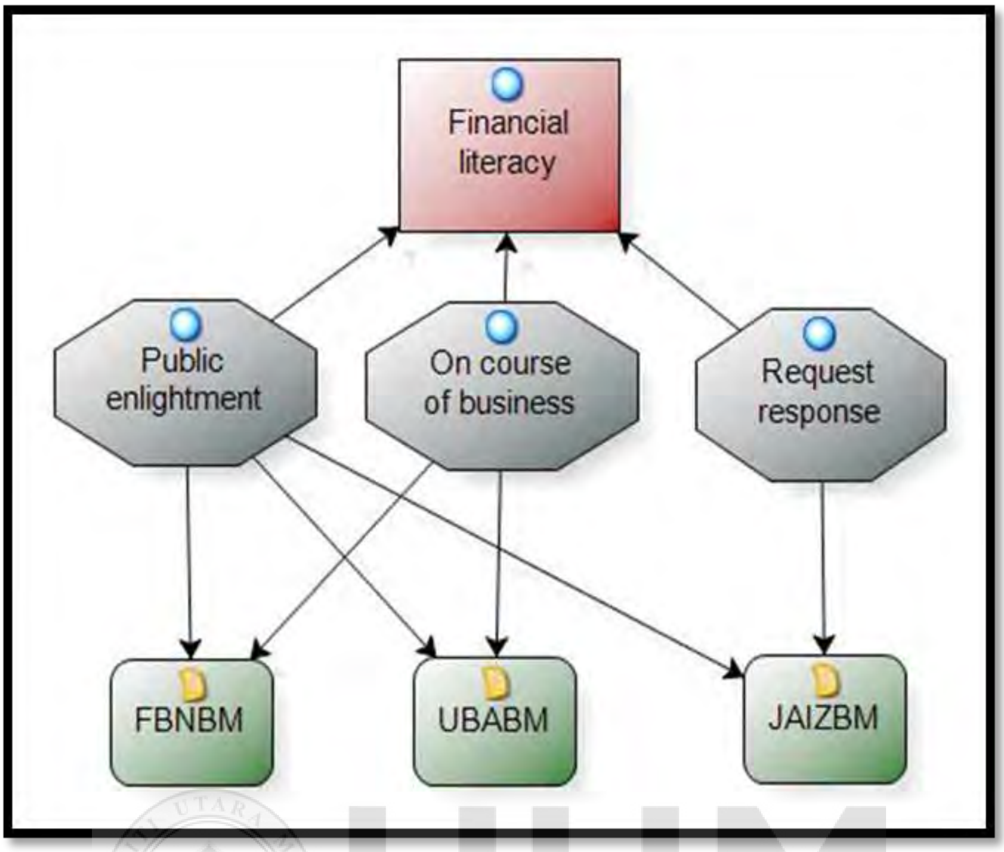

Figure 4.10
Banks Financial literacy implementation approach

The financial literacy level is being aggressively pursued through various initiatives by various institutions, some of which are done by banks in collaboration with national financial literacy programmes of CBN. In addition to other grassroots sensitisation and awareness campaign by banks across the country, central banks collaborate with educational institutions and commercial banks to increase financial education across schools, as entailed by NFLF, (2015). Banks also organise road-shows, media publicity and in-bank customer sensitizations. Although, most banks promote financial literacy to customers for their business interest (marketing), it is still found to be beneficial in promoting financial services' understanding and education.

The relative understanding of bank financial services among small-scale entrepreneurs is related to public enlightenment campaigns by banks. It is evident that small agribusiness entrepreneurs lack the knowledge of technical aspects of financing process, Islamic banking and making informed financial decisions. This indicates that banks are promoting financial literacy mostly to enable them attract savings from customers, not necessarily trying to give more detailed knowledge about financing services. Entrepreneurs with higher educational qualification are found to be more financially literate and access financing, while most of the entrepreneurs not accessing credit and the unbanked have lower or no financial education, respectively. This indicates the effect of relying on English as a language of doing business, and the effect of promoting financial literacy on the course of doing business alone.

There is not much difference in the statements of Islamic and conventional bank managers on the approach to implementing access to credit services. The only difference is Jaiz Islamic bank manager's emphasis on compliance to *shari'ah* on financing processes. Managers of UBA and Jaiz bank mentioned compliance to their institutions' 'financing procedure' as their guiding principles. Besides that, interviews with agribusiness informants who have access to credit from Jaiz bank confirmed the statement which states that, "Jaiz bank is complying with guidelines for Islamic bank financing".

Conventional bank managers emphasize on borrowers' worthiness in terms of loan security (collateral) and investment viability as an important requisite for lending. The FBN and Jaiz bank managers mentioned that protecting the interest of all parties is another value-orientation in their bank lending procedures. All the bank managers state that ensuring long-term sustainable and mutually beneficial business relationships are requirements and major goals of credit enhancement, respectively. However, none of the managers states precisely the extent of bank-customer business relationship in terms of time, deposit volume, or turn-over required before lending. What they require, though, is an established long-term relationship as a basis to know their customers' business and borrower's character before lending.

The size of the Islamic bank is found to be a comparative disadvantage when seen in competition with conventional banks in Nigeria. There is currently one Islamic bank (Jaiz bank) registered as regional bank (but, planning to go national in 2018). The Jaiz bank has only thirty-five branches as of March 2017 (Jaiz bank annual report, 2016). The Jaiz bank the does not have widespread branches all over the region like the conventional banks. The size of Jaiz Islamic bank in terms of customer, capital, and assets base, as well as branches and ATM networks, is not big enough to compete with its stronger and older conventional counterparts.

Small-scale agribusiness entrepreneurs have a positive attitude and willing to patronise Islamic banks, but the branch network is not wide and spread enough to reach various locations of its prospective Muslim clients. This is evident if one visits the Jaiz bank's social media sites like Facebook and twitter handle, where many people put up calls to open Jaiz bank branches in various locations. But with their mass marketing exercise, it is expected that the Jaiz bank may soon mobilise many unbanked, thus increasing financial inclusion.

4.4.6 Banks' main challenges in implementing financial inclusion

No meaningful activity can go free of challenges. Commercial bank managers identified some challenges that confront bankers on the course of doing business to implement financial inclusion objectives. In response to these challenges, they make some efforts to overcome them. From the managers' responses, four challenges were identified and discussed below:

The managers of FBN and UBA express concern over the regulations' effect on implementing financial inclusion. They are strictly authorised to do everything within the policy requirements. According to FBN manager, policies are made to protect, but the bank and CBN regulations create constraints in some situations. There are times when they can see a prospect, but to comply with policy, they must be careful and follow the due process. While UBA manager added that:

> *"You know every institution has its own policies and guide-lines to regulate risk and possible losses, our institutions' guidelines are too strict"* ***(Inf. 3 Resp. 6 Page 301)***.

To overcome this challenge, managers must ensure compliance to regulations. FBN and Jaiz bank managers insist on compliance to regulations in every situation, where FBN manager responded they just must comply with regulations irrespective of the circumstances to protect the interest of all parties concerned. Nevertheless, customers are somehow managed as part of their job requirements. While Jaiz bank branch manager also said:

> *"some-times, there is nothing we can do, rather, we just have to comply with regulations, be vigilant and listen well to customers and bank, despite all circumstances"* ***(Inf. 4, Resp. 7, Page 303).***

The FBN manager expressed concern over how customers are complaining about the cost of financial services, although he realised the excessive complaints is not only in their bank. It is industry-wide. He added that they didn't want to hear customers complaining. The managers of FBN and UBA show that, efficient service delivery is the only way out of all challenges. This is evident from their respective statements as follows.

FBN manager said, "despite all constraints, we try our possible best to see how we can serve customers better and make them happy, because we prioritise customer service" ***(Inf. 2 Resp. 7 Page 298)****.*

UBA manager also said, "we always try our best to see how we can make better service, no matter the situation. We don't let our customers down or allow them turn back to our competitor, we find a way of manging them" ***(Inf. 3 Resp. 7 Page 300)****.*

Managers express concern over customers' strength and skills to obtain and use financial services like loans or financing, where the Jaiz manager expressed the view that majority of customers, not only farmers have little awareness and understanding of how Islamic finance works. Therefore, they need higher levels of literacy on financial services, and more knowledge especially of Islamic financing, which is very challenging. The UBA manager added that sometimes, the entrepreneurs' financial strength may not be enough for the bank to offer services the customer requested in terms of collateral, business plan and profitability, and due to the customers' level of understanding of how things are, they may not reason with the bankers.

Morality and lack of trust building among small businesses creates complications in banking services, Jaiz bank manager complained about customer trust as a challenge, where he indicates that some customers, not only farmers, have problem of morality and trust issues. They try to see how they can outsmart the bank to avoid repayment. That is why Jaiz bank insists on security on all forms of financing contracts. In their response, efforts on enhancing financial literacy is shown to be very important to enable clients to see the importance of building trust.

The two managers of Jaiz and UBA banks recognise that the customer's low level of financial literacy as a challenge that causes many other challenges, Their recommendation is increasing financial education of customers as a way out, and their responses show that they are trying to educate customers. This is evidenced in UBA and Jaiz bank managers' response, where they respectively said:

> *"at the same time, we try to educate customers, on how things are, and the procedures of doing business so that they can reason with us where we did not meet up with their expectation"* ***(Inf. 3 Resp. 7 Page 301)***.

> *"we patiently try do one on one financial education and enlightenment to our customers during interactions as we discuss business"* ***(Inf. 4 Resp. 7 Page 303)***.

Therefore, establishing morality and trust is important in overcoming repayment challenges, thus, increasing access to financing.

The overall challenges banks face in implementing financial inclusion are regulatory constraints, customers' frequent complaints, customers strength, and customers morality and trust as shown in figure 4.11 below.

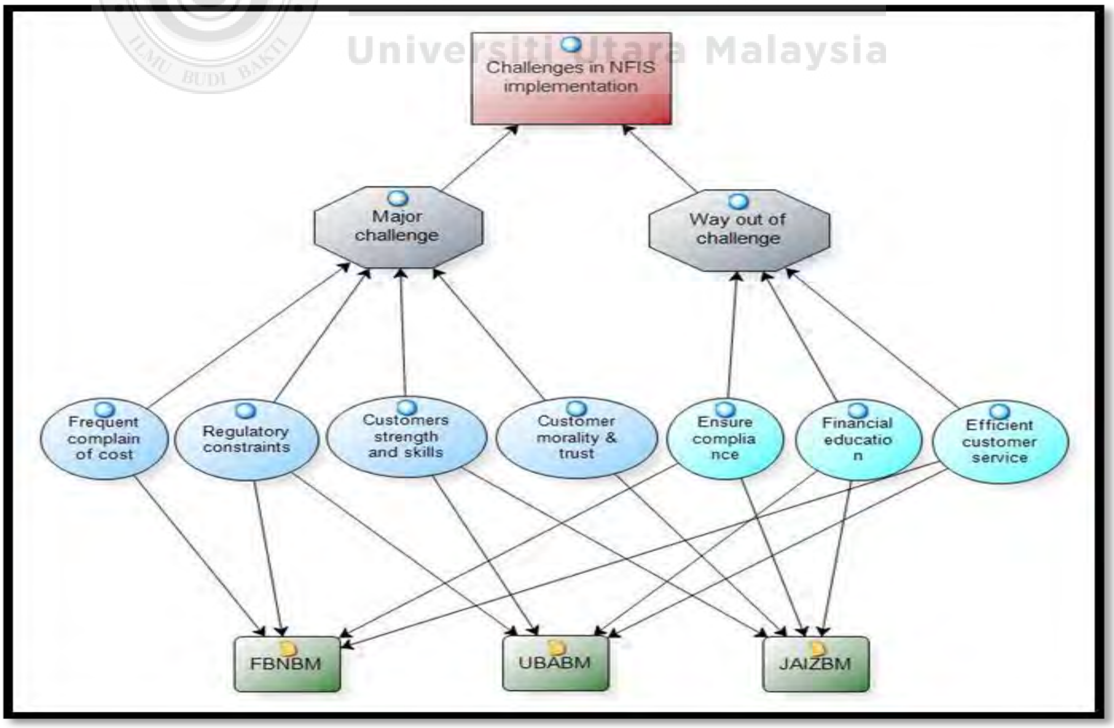

Figure 4.11

***Banks' challenges in implementing* financial inclusion**

The bank managers expressed two bank-related (cost of financial services and strict regulations) and two customer-related (customer strength and customer trust) constraints to implementing financial inclusion, regardless of the system of banking. These challenges are shown in figure 4.11 above. Bank managers assert that the challenges of implementing financial inclusion can be taken care of, by providing efficient service, ensure compliance, and increasing financial literacy. However, despite these challenges, the banks are found to be upright in financial inclusion implementation. Introduction of Jaiz Islamic bank did not contribute to any unique strategy of financial inclusion implementation, but, it complements the effort of conventional banks in financial inclusion implementation, through inclusion of Muslims who were previously excluded due to religious reasons.

4.4.7 Finding on theme two

The research objective of Theme Two (2) is to explore the financial institutions' (banks) approaches to implementing financial inclusion strategies. Banks implement financial inclusion through branches and payment terminals which are available across most countries, but, mainly in cities and major towns, even though, the number of payment terminals per square kilometre is low in most AFI member countries. Some customers are sceptical of using the terminals for fear of service failure due to dispense error, internet connection failure, and queuing time.

There is not much difference in the statements of Islamic and conventional bank managers, on the approach to implementing access to credit services. The only difference is Jaiz Islamic bank manager's emphasis on compliance to *shari'ah* on financing processes. All banks ensure compliance to their institutions' 'financing procedure' as their guiding principles. Conventional bank managers emphasize on borrowers' worthiness in terms of loan security (collateral) and investment viability as an important requisite for lending. They also mentioned that, protecting interest of all parties is another value-orientation in their bank lending. All the bank managers state that ensuring long-term sustainable and mutually beneficial business relationships are requirements and the major goal of credit enhancement, respectively.

Banks require identification of customers before opening an account. They also enquire more detailed identification requirements from customers, as customers' banking business is on-going. Tiered KYC adopted by banks is to allow small scale customers open and maintain an account with less-strict requirements for identification and documentation. Besides this, none of the banks rejects potential customer for lack of documentation requirements. Banks' extra search and investigation on customers' details (risk-based KYC) is designed to intensify security of customers and their wealth.

Banks are found to be doing well in protecting their customers' interest. Responses from all the bank managers show that they emphasize on transparency in business contracts, as a mechanism to ensure consumer protection. They also emphasise on prompt conflict or dispute management to avoid customer grievance, which may result to switching loyalty. Financial inclusion strategy documents have also given much priority to transparency, fairness, and conflict management as a mechanism for consumer protection. Although, small agribusiness customers are found to have little knowledge of consumer protection, the agribusiness customers interviewed did not show much problems related to their rights' infringement.

Financial literacy level is being aggressively pursued through various initiatives by various institutions, some of which are done by banks in collaboration with national financial literacy programme of central banks. In addition to other grassroots sensitisation and awareness campaign by banks across the country, central banks collaborate with educational institutions and commercial banks to increase financial education across schools. Banks also organise road-shows, media publicity and in-bank customer sensitizations.

The bank managers expressed two bank-related (cost of financial services and strict regulations) and two customer-related (customer strength and customer trust) constraints to implementing financial inclusion, regardless of the system of banking. Bank managers assert that, the challenges of implementing financial inclusion can be taken care of, by providing efficient service, ensure compliance, and increasing financial literacy.

Based on the discussions above, the researcher made a model on how banks and people relate in implementing financial inclusion, through access to account and credit. Figure 4.12 below shows the relationship and intervening variables (as possible challenges) to the implementation process.

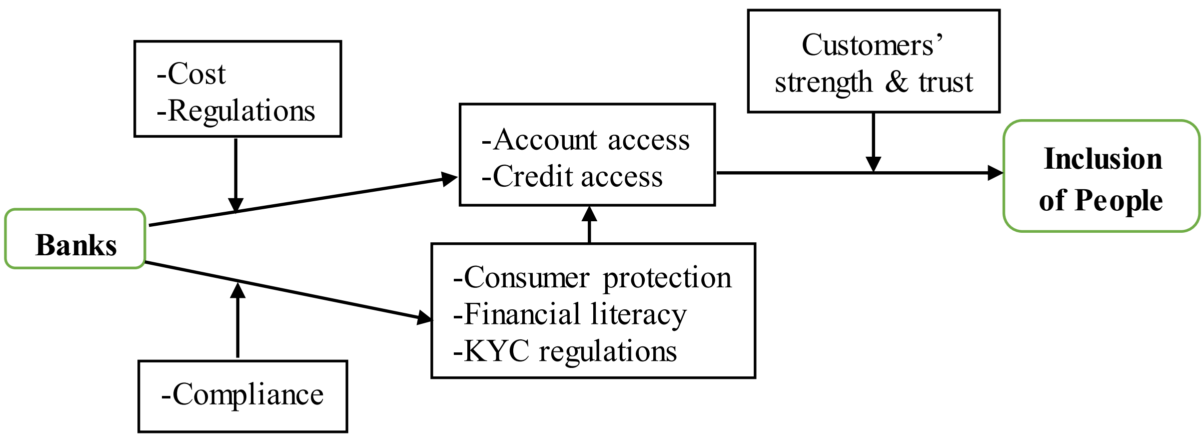

Figure 4.12

Financial inclusion implementation approach

4.5 Main theme 3: Process of giving out financing/loans by Islamic and conventional banks to small-scale agribusiness entrepreneurs

Financing or lending process refers to activities or formalities bank account officers follow to ensure safe and sustainable lending relationship with customers. The objective of this theme is to understand the process of financing in Islamic and conventional banks. Financing process is one of the responsibilities of account officers (also known as marketing staff), because they have direct interaction with customers and they handle processing of loans to customers. The theme consists of a simplified five (5) stages of processing loans (process flow), from relationship building to repayment, and challenges account officers face on financing processes related to their small-scale agribusiness customers.

Process flow for undertaking financing contract comprises processes to be followed before and after giving out loans. The process flow was identified from previous studies like Altman (1980), and Jacksonville-based loan processing stages. The five (5) stages of loan processing (process flow) consist of relationship building, application process, screening process, loan disbursement, loans performance monitoring, and repayment process, as discussed below.

4.5.1 Establish strong business relationship

There is need to establish strong and sustainable banking relationship before the lending business. This is as illustrated by Jacksonville lending process shown in figure 3.6 above. From the responses of the account officers, they desire to establish a long-term business relationship with customers before lending, to become familiar with, and to understand the worthiness of their borrowers. The long-term relationship building enables bankers to make better decisions about their customers, even though the extent of the relationship in terms of business volume and time is not definite.

The essence of becoming familiar with customers according to FBN, UBA, and Jaiz bank account officers is to know customers' background, identify their type of business and to identify their financing needs respectively. The need for familiarity emerged from the response of FBN account officer where he said they use the time of established business relationships to be familiar with customers, to know their background, so that they can know better who they are dealing with. The UBA account officer also added that, creating bank-customer long-term business relationship allow bankers to have familiarity with clients, in terms of the type of business they engage in. With an established relationship, banks may identify the business the customer is engaged in, and verify the authenticity of the business, to avoid financing illegal or unhealthy business. The JAIZ bank account officer on the other hand added that while a customer maintains his account transactions with their bank over time, they can identify the type of business he is doing, identify the clients' financing needs and match it with an appropriate financing package. This package can suit the client's business financing needs.

Apart from familiarity with the customer himself, established long-term business relationship helps bankers in identifying worthiness of customer's business. The account officers of FBN, UBA and Jaiz banks said that they identify customer's worthiness through understanding customers' financial capacity, skills, and integrity, respectively. This statement emerged from the FBN account officer who said:

> *"as we do business, we identify worthy borrowers through established long-term banking relationship with them. We can verify their financial capacity through their account turn over, income, and business*

profitability, so that we can establish long term sustainable relationship with them" ***(Inf. 5, Resp. 1, page 305).***

The UBA account officer added that they always aspire to establish long-term relationships with customers to know their business, and business' required skills. Thus, they get a picture of customer's skills as it relates to the business he is engaged in. This will enable the bank to avoid financing quack businesses. The JAIZ bank account officer added that:

> *"We are also interested in the integrity of a customer over a period of banking relationship. This enables us to identify if the customer and his business are worthy (integrity) of getting credit from our institution"* ***(Inf. 7, Resp. 1, page 309).***

Therefore, banks need to establish business relationship with customers before lending to know the customer and his business identity and worthiness. Once the relationship is established, a customer may apply for his financing needs. Figure 4.13 below, shows how responses of the account officers relate to establishing a strong business relationship through familiarity and identifying the worthiness of customers, before loan processing.

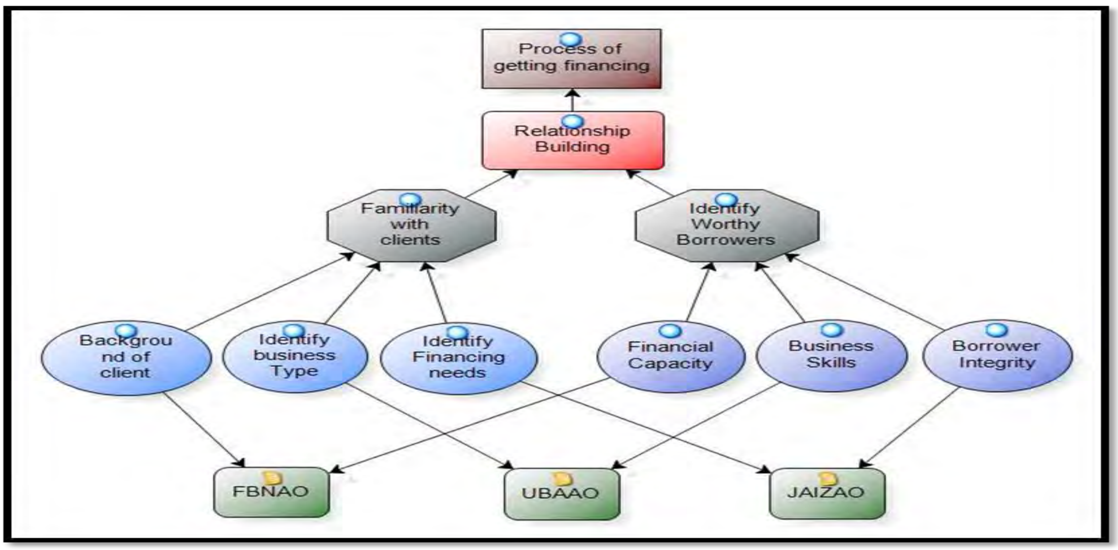

Figure 4.13: Establishing strong business relationship before loan processing

4.5.2 Loans/financing application and negotiation processes

When the account officer is satisfied with the customer's identity and worthiness through a long-term relationship to get financing, the next stage is the application and negotiation process. This involves collection of all loan application documents required, and to agree on amount, cost, and tenure of the financing facility.

FBN and UBA account officers receive applications from interested borrowers even without discussing the loan offer, and they also make offers to deserving borrowers. On the other hand, Jaiz bank account officers prefer negotiating financing on the process of discussing business before the offer and application for financing. Jaiz bank account officers also make offers for financing to deserving borrowers.

The FBN account officer said that they accept applications without even discussing the credit proposals. When the proposal in the application is found worthy, they can discuss the credit issues and negotiate. In comparison, the UBA account officer said that they collect application documents from every willing customer, provided he has account with in the bank. After going through the application, they discuss the application and negotiate terms and rates and then make the offer.

The FBN account officer added that they observe the customer's worth. When they are satisfied with the customer's capacity and ability, they make an offer, and then ask for a comprehensive business plan which is followed by the proposal submission. Once viability has been established, they require a formal application, fill forms for the credit and finally agree on the terms and conditions. The UBA account officer also added that in some cases, they make an offer to a worthy and trusted client and negotiate if he accepts the offer. Then he goes through the application process and provides the necessary documents.

The Jaiz bank account officer added that in some cases, they don't wait until the customer applies for for financing when he said:

> *"in some other situations, when we envisage a need for a suitable financing option for a customer, we try to understand the reasons for financing needs and we use suitable financing option for the client, and we make an offer to him immediately, without waiting for him to apply for the financing. Once he accepts the offer, he then makes an application"* ***(Inf. 7, Resp. 2, page 309).***

The Jaiz bank account officer opined that in the form of a business discussion, they sometimes negotiate financing with customers. If they reach an agreement with one another, a customer will be advised to make a formal application for the negotiated financing contract so that an offer can be made formally.

Once application for financing is received from a customer, it should under-go a screening process before the offer is made. Although all banks receive applications for financing, yet, figure 4.14 below shows that banks differ in their way of receiving applications, processing applications, and making offers.

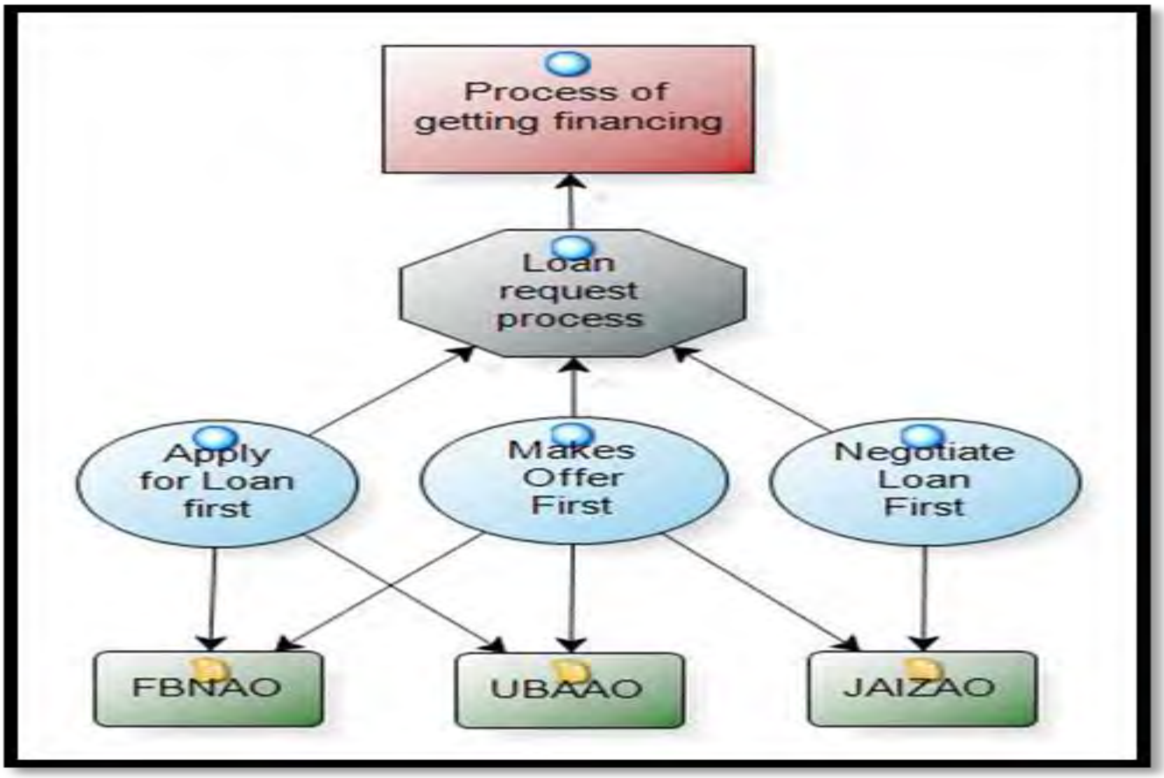

Figure 4.14
Loan application and negotiation process

4.5.3 Loan/financing application's screening processes

When loan applications are received from borrowing customers, it is important for the bank to do a thorough screening of the customer's credit report, customer's business proposal, and the risk involved in the project to be financed. For banks to consider customers' financing requirements, they must undergo a screening process of three (3) important areas. These areas are credit report of the entrepreneur, business proposal of the entrepreneur, and analysis of risk associated with the customer and his business.

Banks are critical on issues of credit reports of customers and their businesses. It was learnt from the bank managers that it is always good to investigate and verify character, collateral, and business capacity, and history of a customer. Only an FBN account officer mentioned business history for applications' screening. They review customer's history of previous loans taken from the bank or from other banks and consider debt repayment history or any other default and investigate if the borrower has any history of court prosecution or not. Two account officers of UBA and Jaiz bank emphasized on borrower's character as a basis of loan screening, where the UBA account officer said that they consider creditworthiness of clients by investigating in depth to substantiate their character, while Jaiz bank account officer says they do not neglect to check the character of their business partner, particularly on financing to avoid dealing with untrustworthy persons. The account officers of FBN and Jaiz mentioned collateral as important in the screening process. The FBN account officer said that certificates, tittles, solicitor's report, insurance, and tax returns will be required to complement collateral or a guarantor, particularly on high volume transactions. The Jaiz bank account officer said that they also consider the ability of borrowing clients and their business to provide collateral or a guarantor to secure the loan, which is very important during the screening process.

Apart from screening based on the 'credit report', the bank's credit committee will consider the project itself. Account officers must check viability and sustainability of the project. From the figure above, two account officers mentioned viability of project while one account officer mentioned sustainability. The FBN account officer said on any proposed loan request, they give priority to viability of the investment project in their screening process. This is because the banks' concern is not only repayment, but to fund viable investment projects. The Jaiz bank account officer added that their screening process considers viability of the proposed project. This is to ensure protection of wealth and effort from project failure. Only the UBA account officer stated that their bank considers sustainable projects, that is projects that can provide long term benefits to customers as well as the bank.

Another stage of the screening process is risk analysis of the economy, sector, and business to be financed. Their responses show that banks give more emphasis on economic and repayment (business) risk than sector risk. Two account officers of UBA and Jaiz bank mentioned that their banks' screening of loans request involves analysis of economic risk as at the time of lending. Jaiz bank account officer says the bank's committee of experts perform analysis of any bit of possible risk in the economic environment when screening financing requests, to mitigate any avoidable risk of the economy. The UBA account officer also added that when a customer's loan request is to be screened, they put into consideration all risk factors in the economic environment that may pose dangers to the business in which they are financing. For financing a business project, repayment is the most important issue to consider as informed by FBN and UBA account officers, where FBN account officer says they also perform a comprehensive risk analysis of lending proposals and the borrower himself to ensure that the repayment risk is managed. The UBA account officer also added that they perform an analysis of repayment tendency, and they are proactive to mitigate any chance of borrower's repayment default risk. Only the FBN account officer showed concern about agribusiness sector related risk, where he mentioned that their bank makes a thorough risk analysis of the agribusiness sector, because agricultural sector is vulnerable to unforeseen eventualities that may lead to loss of the entire capital.

Once customer's application is received, screened, and the offer and acceptance of financing contract is entered, the next stage is for the customer to await approval and cash disbursement. However, modalities for loan screening, approval, and disbursement process may also differ based on the system of banking. Banks' screening process for small-scale agribusiness customers' loan applications are shown in figure 4.15 below.

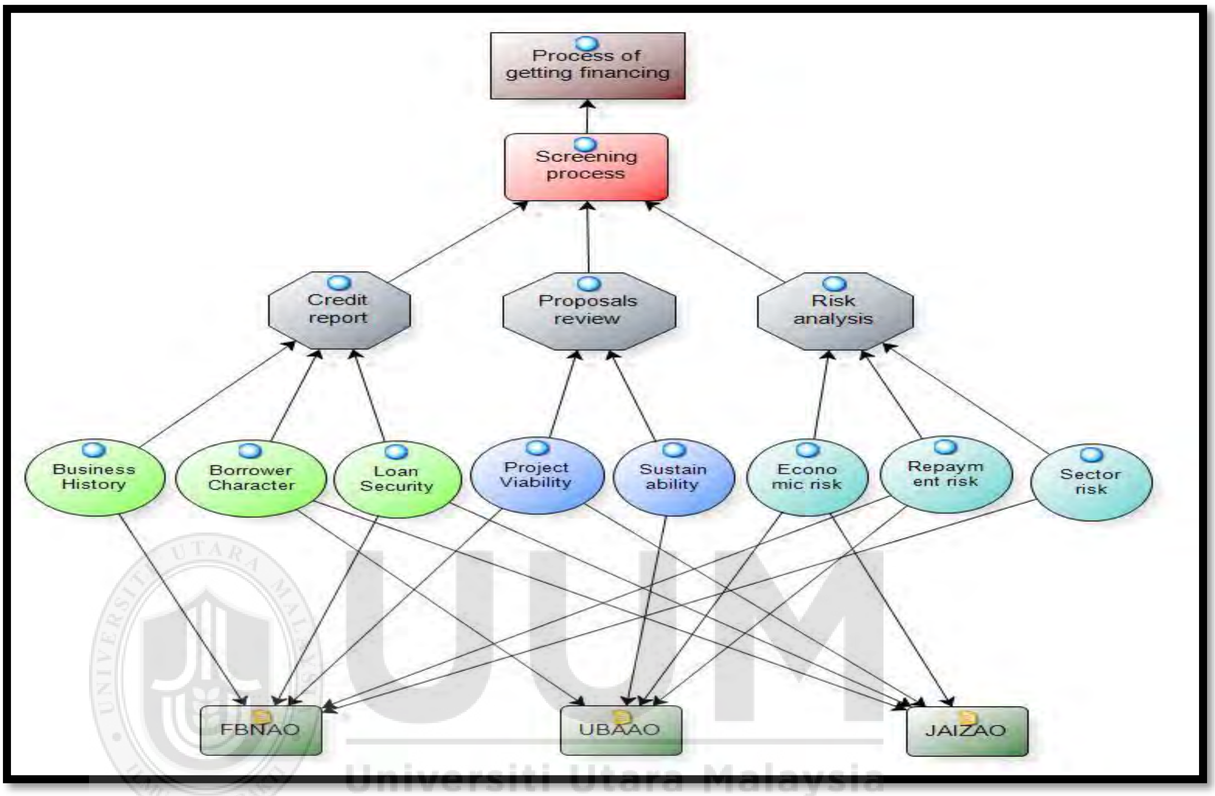

Figure 4.15
Loans applications' screening process

4.5.4 Modalities for loan/financing approval and disbursement

After the screening process is completed, the next stage is approval and disbursement of funds. Account officers stated their bank's procedure for loan approval and disbursement to successful loan applicants. The responses of UBA and Jaiz bank account officers show that when all processing requirements are completed, they finally send the loan request to the bank's head office for final approval, where the risk management department gives approval and forward the request to credit department for disbursement. The FBN account officer indicates that when they finish screening work, they send application documents to the regional office and await final approval. When approved, they credit the customers' account.

When loans are approved, the next stage is disbursement to customer's account or jointly undertaking the project, in case of some financing arrangements. The responses of FBN and UBA account officers specified that before disbursement of funds, they make upfront charges on customers' account for all loan related debits before disbursement. The FBN account officer said that they advise customers to deposit a certain amount of money into their account, because, the credit department cannot make disbursement to customer's account with the loan amount, unless the customer makes available some funds to deduct loan processing charges upfront. The UBA account officer said that they deduct from customers account, all related charges upfront, before disbursing loans, so that he customer will be left with repayment of principal and interest. The UBA account officer however added that even if the account is not funded, they can put the debit against the amount of loan to be given.

On the other hand, the account officer of Jaiz bank emphasised that, customers are always advised to deposit his cash contribution into his account before they release funds for financing, as he said:

> *"We do not give customer cash in most of our modes of financing, we make payment to vendor directly, for instance, in Jaiz working capital finance, we pay merchant for the inventory a customer is supplying. Meanwhile customer's contribution must be in his account before we pay"* ***(Inf. 7, Response 5, page 400).***

The responses of account officers show how loan is approved and disbursed in figure 4.16 below:

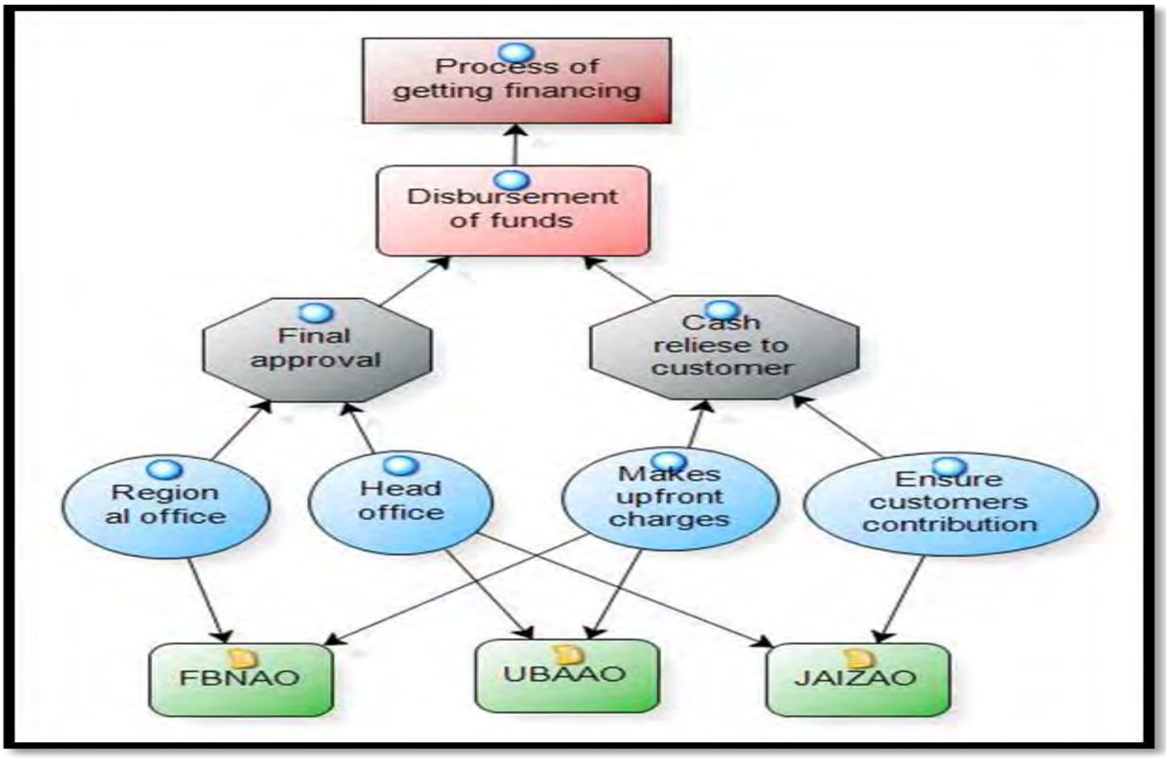

Figure 4.16

Banks' loan approval and disbursement process

4.5.5 Loans/financing performance monitoring

This refers to monitoring loans' utilisation by account officers. The financing process flow involves the way account officers monitor disbursed funds to customers to ensure repayment of funds. The FBN account officer prefers group lending to small-scale agribusiness entrepreneurs, where group members are guarantors for one another. This process ensures loan security and repayment guarantee. This is evident from his response below:

> *"We feel more secured with group lending to small scale borrowers. Easy monitoring process and better chances of repayment is the rationale for our preference to group lending. Even loan requirements from group borrowers are more flexible compared to individual borrower. In case of group lending, we deal with only the group leader"* ***(Inf. 5, Resp. 6, page 306).***

The UBA account officer creates a safety net by securing the repayment source and recovery modalities are available before disbursement. Availability of collateral and recovery modalities is to ensure loan security by being safe from any eventuality.

The FBN and UBA account officers mentioned that they engage in close surveillance of customers activities by frequent visits to business/farm premises, and monitor business activities through cash-flow, respectively, as a better way of monitoring loan performance. The Jaiz bank account officer does close surveillance of customers by advising customers on how to manage financing projects at all stages, as they are working together as partners in progress. The partners work within the financing period to ensure progress.

The UBA and Jaiz bank account officers added that they ensure customers' strict compliance to lending regulations and *Shari'ah* principles respectively, as these are additional measures to ensure a successful lending regime. The UBA account officer stated that they always ensure compliance with lending terms and requirements as advised by the credit committee, and CBN sets rules of lending to clients, even before disbursement. The Jaiz bank account officer said that in the financing process, the Islamic bank always prioritises compliance to *Shari'ah* principles as set by the *shari'ah* committee which provide the guiding principles. Once they follow those guidelines, success is virtually guaranteed. From their responses shown in figure 4.17 below, three (3) strategies emerged. However, they show close surveillance of borrower's business activities by the account officer, monitoring the health of loan security, and ensuring customer's compliance as better ways of monitoring loan performance.

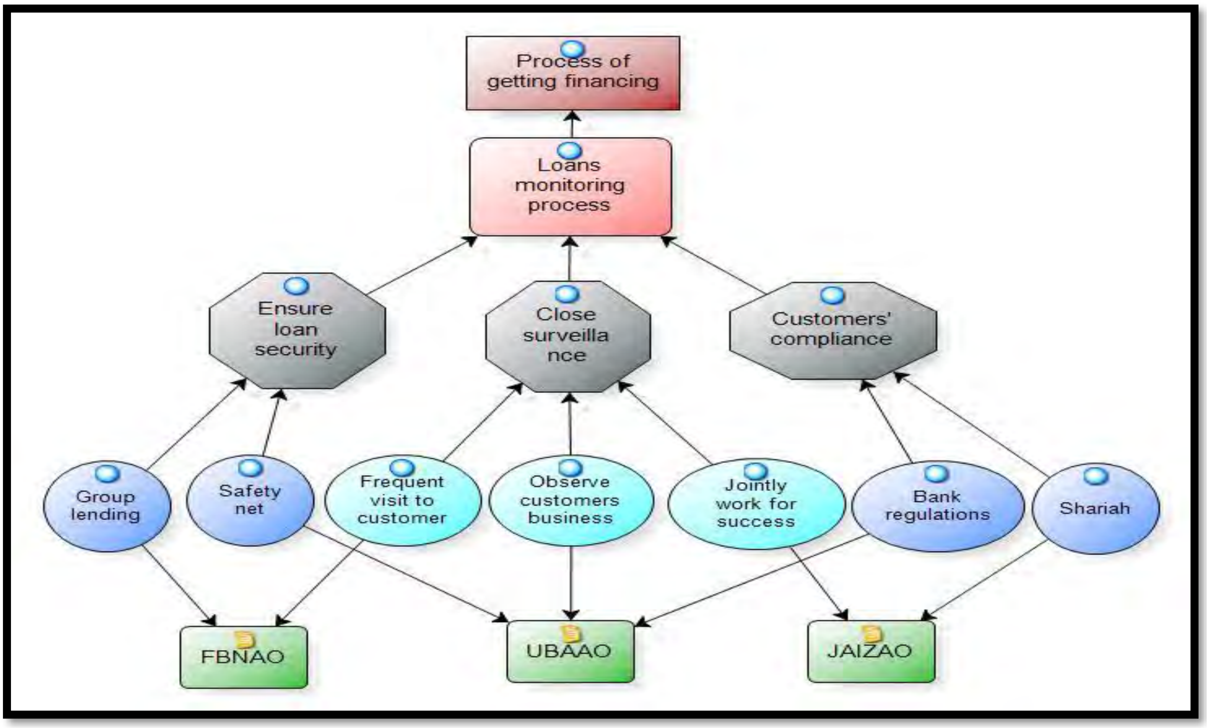

Figure 4.17

Banks' loans performance monitoring process

The processes banks follow to give out financing to small-scale agribusiness entrepreneurs which are discussed above, is summarised in figure 4.18 below.

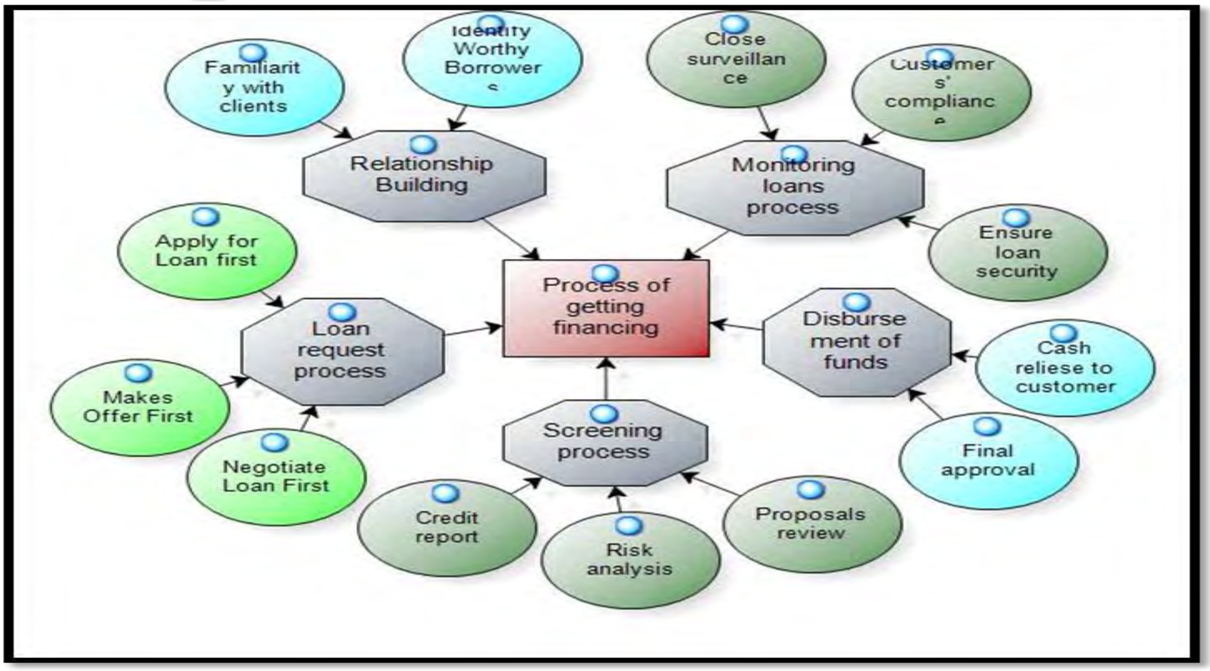

Figure 4.18:

Process flow for getting financing from banks

4.5.6 Banks' challenges in the process of giving out loans/financing to small-scale agribusiness entrepreneurs

The account officers gave their views about challenges they face on the process of giving out financing to their small-scale borrowing clients, and how they take care of these challenges. The major challenge in access to financing is loan security, which requires entrepreneurs to provide collateral or a guarantor to obtain loans. It was found that most small-scale entrepreneurs do not possess assets worthy of being considered as collateral for lending, regardless of their banking system.

Challenges faced by account officers on loan processing are basically issues related to customers. From the account officers' responses, six (6) prominent challenges emerged. These are customer trust, customer financial literacy, loan security, project viability, access and outreach to small-scale farmers, and excessive complaints on cost of financial services by customers, as shown in figure 4.19 below.

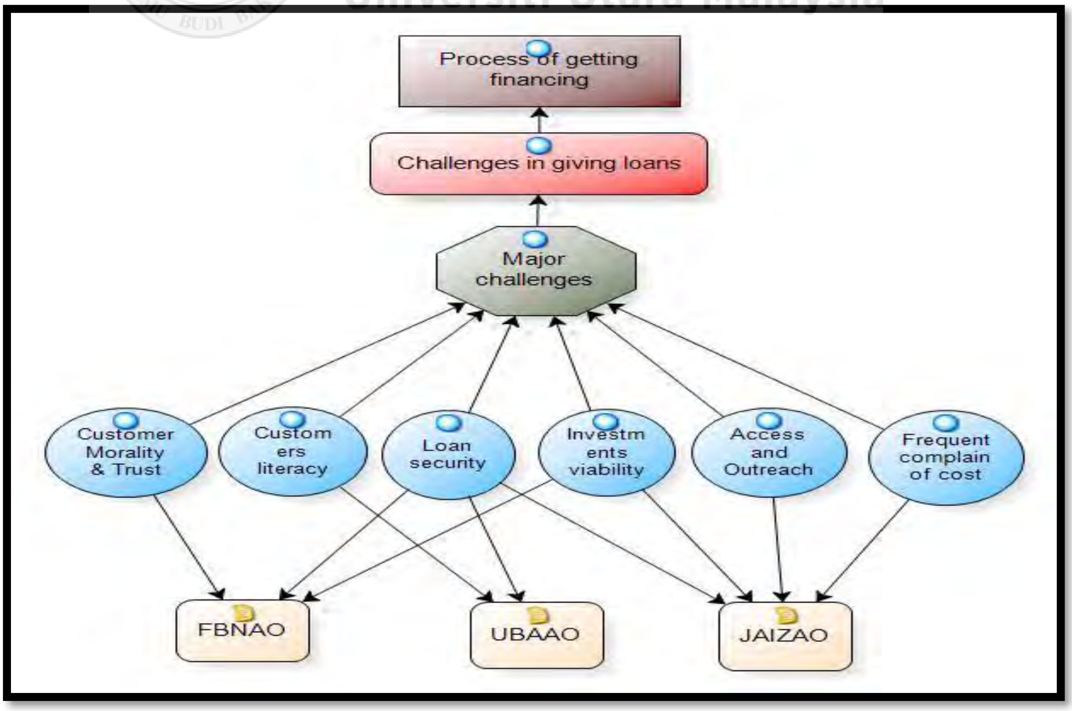

Figure 4.19

Major challenges facing account officers on giving out loans/financing

Based on their experience on the lending process, two challenges (access & outreach and frequent complain of cost) were pointed out by only the Jaiz bank account officer, while FBN and UBA account officers complained about morality and literacy, respectively. Although, the FBN account officer and Jaiz bank account officer mentioned investment viability, all the account officers agreed that inadequacy of loan security (collateral or guarantor) from customers as a major challenge.

The FBN account officer mentioned that because of the risk and uncertainties associated with agricultural related losses like draught and diseases, their banks might not give loans directly on agricultural products without collateral. However, they use discretion in some cases or situations, depending on surrounding circumstances. The FBN account officer also indicated that, some of the investment proposals customers present are not seen as viable investment projects by the bank's credit committee, so they cannot get loans. The FBN account officer also mentioned that some customers despite their proven illiteracy keep trying to bring some unhealthy behaviours on the course of doing business which results in questioning moral and trust issues. They always want to try and cheat the bank, thus, creating complications.

The UBA account officer mentioned that, most farmers are illiterate, particularly on issues related to financing. Some customers expect loans as a help and not a business relationship, while other customers assume that the interest and charges are exorbitant. The bank on its part must benefit from the lending. The UBA account officer also added that another issue is many farmers do not have tangible and workable collateral that bank management can accept as a security for loan. Furthermore, they are not able to bring a trustworthy and capable person as a guarantor.

Finally, the Jaiz bank account officer also added that most farmers do not have workable collateral that bank management can accept as collateral. He further explained that financing options that require collateral and government intervention do not reach farmers. The Jaiz bank account officer added that many investment proposals of customers are not seen as viable investment projects. Therefore, the bank's financing appraisal committee consider them too risky, so they may not likely get funding. The Jaiz bank manager also says that another issue is farmers' outreach and access to their farms and homes. This is a problem because farmers usually live outside the main city and cannot be reached on phone, while frequently visiting them is not profitable.

Only the Jaiz bank account officer mentioned about complaints on cost of financing as a challenge, where he mentioned that frequently visiting farmers is not cost effective to the bank. It may also increase the cost of financing, which will result in customers complaining of the high cost of financing.

The informants (account officers) reluctantly gave their opinion as a solution to the above challenges, as shown in Figure 4.20 below. The sub-subthemes emerged from their responses. However, it was observed from the informants' facial expressions that they are not confident enough that their responses can provide solutions to the challenges mentioned. In spite of this, the responses show that advising appropriately to customers is a way out of the challenges mentioned.

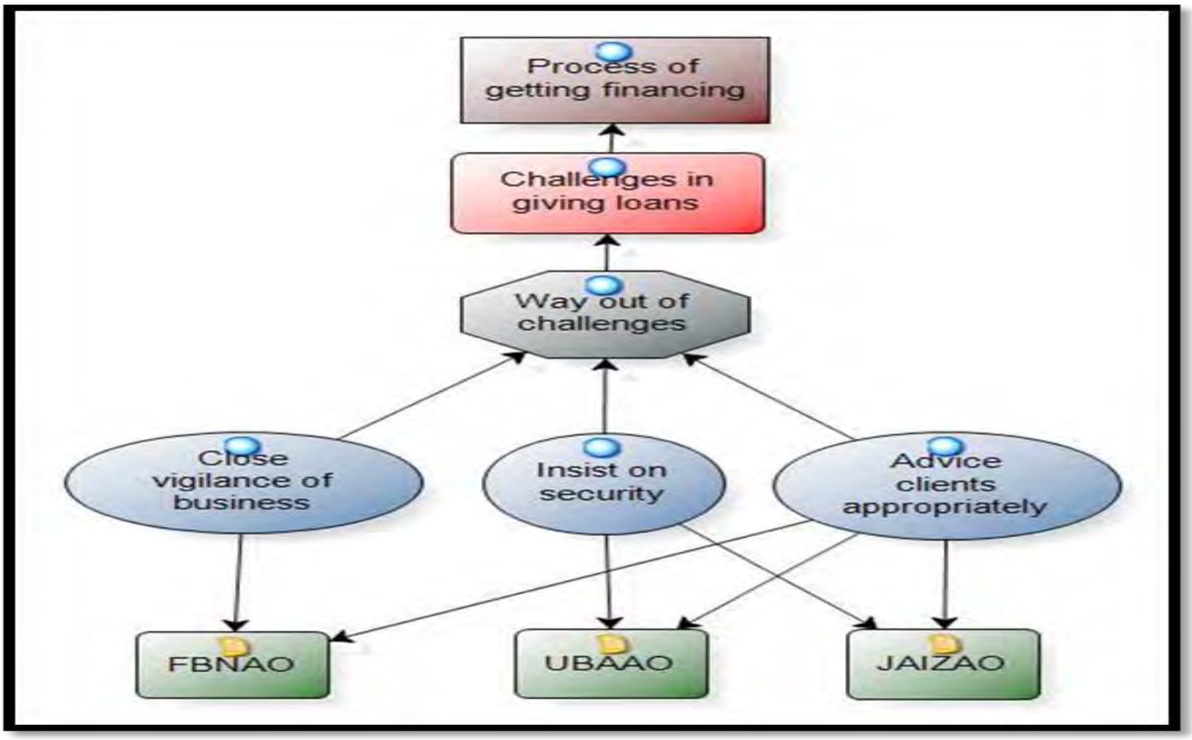

Figure 4.20

Account officers' way out of challenges in processing loans

The FBN account officer insisted that they must be vigilant and pay attention to details and do all that is required by policy without putting emotions or compromise to lending standards.

Frequently advising customers may be a more useful way of managing challenges associated to financing, as indicated by all the informants. The FBN account officer said that they advise customers on how to get loans and make good and profitable investments. The, UBA account officer said that they always advice customer appropriately on what they can do to obtain loans, while Jaiz bank account officer added that, they advise customers on any available and better financing alternative.

4.5.7 Finding on Theme Three

Theme Three (3) explores the process of giving out financing/loans by Islamic and conventional banks to small-scale agribusiness entrepreneurs. In the process flow for giving out loans/financing discussed above, it is realised that both Islamic and conventional banks practically follow the same procedure for customer mobilisation and retention strategies. They also show the same approach for negotiating financing and risk management analysis. Therefore, there is not much difference observed in the process of providing financing in Islamic and conventional banks to small-scale agribusiness entrepreneurs. Discussions show that customers of Jaiz bank lack technical knowledge of Islamic financing products. So, customers only ask for financing and allow Jaiz bank account officers to decide o the appropriate mode of financing, instead of directly requesting for a specific Islamic financing product. This may be the reason for Jaiz bank's over reliance on debt-based financing options.

Both Islamic and conventional banks' account officers insist on building long-term banking relationship as a requisite for financing. This relationship building is to enable bankers to know their customers better, by creating familiarity with customers. When the account officer is familiar with his customer, it may give him a chance to know the customer's background, business type, and financing needs. Relationship building may also allow bank account officers to substantiate borrower's worthiness by monitoring customer's financial strength, financial capacity, business skills, and integrity. Customer's cash flow is also monitored before establishing the lending relationship. Therefore, the time for building a banking relationship may give bankers a chance to establish KYC extra search on customers.

Both Islamic and conventional banks are also flexible in application, negotiation, and loan offer process. They do not employ strict rules on loan application, but, may likely accept or reject loan application when negotiations and lending requirements are established and reviewed. This may be the reason for the high numbers of loan rejection among small-scale agribusiness prospective borrowers, as indicated by Nwankwo, (2013). Therefore, banks accept applications from needy borrowers, but offer loans to deserving customers even if they did not apply for loans. They also negotiate financing on the process of business discussions.

All the bank account officers indicate strictness on the screening process, because they review credit report, project proposals, and do risk analysis, particularly on borrower character, loan security, project viability, as well as economic and repayment risk. Jaiz bank does additional reviews of projects from the *Shari'ah* perspective. The first bank manager added that there is a need to review business history and sector risk, while, the UBA manager stresses on project's sustainability during loan screening.

Approval for loans in some banks is made at the regional office while other banks give approval at the head office. However, there is certain limit for approval at branch level, depending on management's discretion. Financing facility may be approved after a series of review processes by branch and regional office's credit committees in some banks. Banks make disbursement at head office once financing facility is approved. However, in Jaiz bank, review of financing extends to *Shari'ah* experts' committee, to ensure compliance. Conventional banks usually make charges in advance for all loan related expenses from the customers' account, before disbursement, while Jaiz bank demands customers to deposit their contribution before financing.

All the account officers indicate that they make efforts to monitor loan performance and repayment through close monitoring of customers' financial and business activities. Although in Jaiz bank's participatory financing, the account officer indicates that they work together with customers to ensure business success. Meanwhile, account officers of all banks are responsible for monitoring their customers and ensure repayment. Alternatively, some account officers sometimes rely on loan security to ensure safety of loans.

The last response on how to overcome financing challenges according to account officers in insisting on loan security, where the UBA account officer said he must emphasize on collateral due to risk associated with the agricultural sector. The Jaiz bank account officer added that he usually asks customers to bring and present a trustworthy and capable person as a guarantor as it is easier for them than producing a collateral asset.

There is high risk of investment in *Musharakah* and *Mudarabah* due to staff and entrepreneurs' inadequate knowledge, skills, and business experience, which lead Islamic banks to be more careful and sceptical on using such financing mechanisms to finance small-scale agribusiness entrepreneurs. This may be the reason Jaiz Islamic bank is too critical on collateral and over-reliance on debt-based financing. Equally, the Jaiz bank manager complained on the need for financial literacy on the part of staff and customers. Issues that contribute to these challenges are that competition, market demand, and production cost do not favour small-scale businesses. Wijaya, Husa, Yahaya, Setiaji and Nugroho, (2016) made a study on profit and loss sharing financing to small-scale businesses in Pakistan. Their findings show that, there are potential problems due to inconsistencies in financial statements and human resource issues. This and many other issues like trustworthiness may be the reason for Jaiz bank's less participation in profit and loss sharing financing, particularly for small-scale agribusiness entrepreneurs. In figure 4.21 below, challenges of participatory financing are more enormous and devastating than challenges of debt-based financing. Thus, Jaiz bank has a preference for debt-based financing.

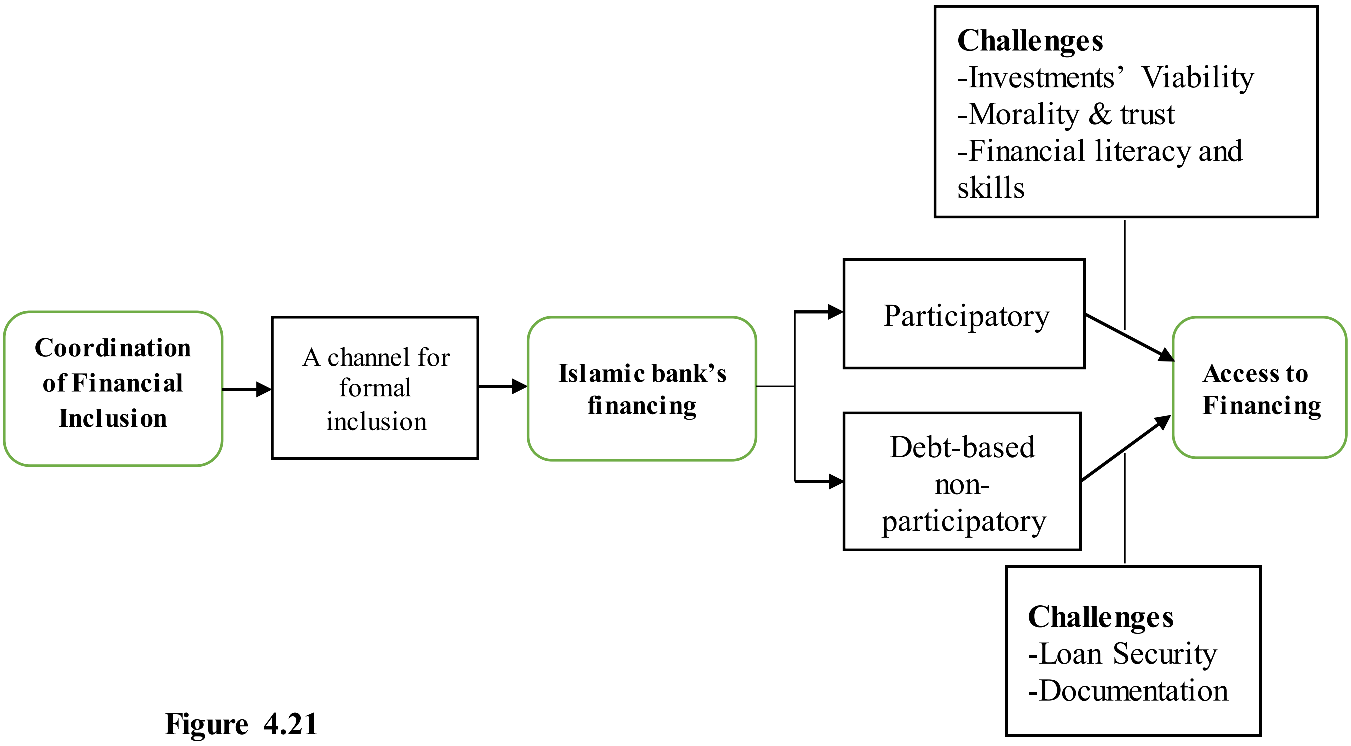

Figure 4.21

Challenges in participatory compared to none participatory financing

4.6 Main theme 4: Challenges facing small-scale agribusiness entrepreneurs in straightening financial inclusion

The main Theme Four (4), is centred towards understanding small-scale agribusiness entrepreneurs' challenges towards financial inclusion. All informants selected and interviewed were faced with the same set of questions, except for a little difference based on informant's access to bank account, credit, and consumer protection. The informants were categorised into unbanked (6 participants), banked but not accessing credit (6 participants) and banked customers that access credit (6 participants). This categorisation gave the researcher a chance to understand challenges at different levels. Figure 4.22 show sections where agribusiness informants were asked about their experiences about financial inclusion challenges.

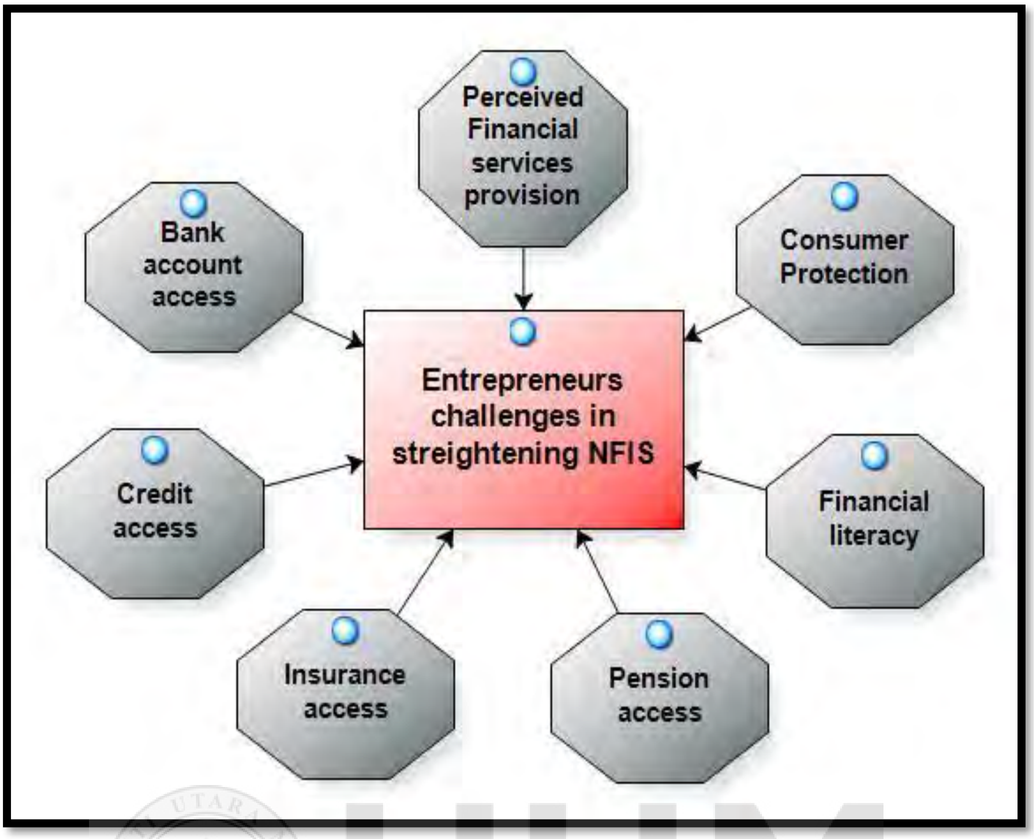

Figure 4.22

Challenges facing agribusiness entrepreneurs in strengthening financial inclusion

Analysis of interview with small-scale agribusiness entrepreneurs start with access to a bank account, which study the challenges of inclusion and exclusion based on the bank account.

4.6.1 Entrepreneurs' access to bank account

Access to bank account refers to having at least a savings account with deposit money (commercial) banks. Informants are categorised into two (2), those having a bank account and those who do not have a bank account. Those who do not have a bank account were asked to express issues related to financial exclusion (bank exclusion) challenges. Informants having a bank account were asked to explain how frequent they use electronic payment channels to determine their extent of inclusion. Those categorised as unbanked in this research are agribusiness entrepreneurs excluded from having access to or use of an account in deposit money bank, including those who indirectly use banking services through friends or relatives, provided they do not own a bank account. The six (6) excluded entrepreneurs were asked six (6) questions related to not having a bank account to identify their exclusion challenges. Participants that have a bank account in this section are twelve (12) informants, and were asked how they use modern payment terminals. Figure 4.23 shows the two (2) categories of informants as included and excluded entrepreneurs.

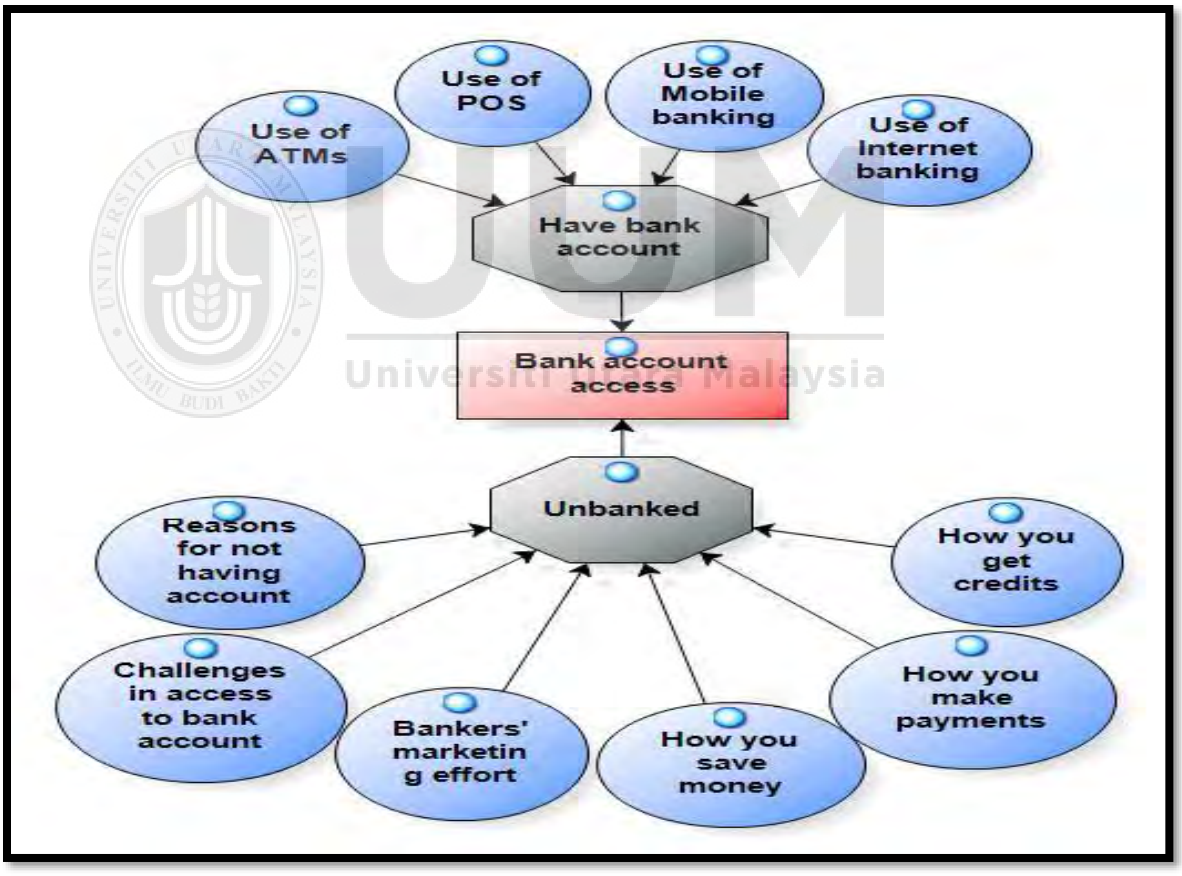

Figure 4.23

Access to bank account by agribusiness entrepreneurs

4.6.1.1 Reasons for not having a bank account

All the six (6) unbanked agribusiness entrepreneurs were asked the reasons for not having a bank account. In the course of discussing with informants, the researcher realised that some informants mentioned voluntary exclusion as a reason for not having a bank account, such as those who say that the bank account is of no use to them. For example, the responses of AGENA1 and AGENA4 show that, the account is of no use to them because they do not keep excess cash, and they invest all their money in the farming business. Other informants like AGENA3 and AGENA5 were having a bank account, but no longer using it. Thus the account is considered dormant. AGENA 5 added that he cannot be travelling for cash deposit or withdrawal because it unnecessarily takes his time. So, he stopped using the account. AGENA2 and AGENA6 are two informants who mentioned that their brothers have bank accounts. Therefore, they don't need an account anymore. Access to banking services through another member of the family was the reason for not having an account.

While unbanked informants stated their reasons for not having an account, the researcher identified some involuntary reasons that contribute to not having a bank account. AGENA1 and AGENA5 are now excluded from banking services due to transportation cost and other inconveniences associated with distance, because they live far away from the bank. On the other hand, entrepreneurs like AGENA 2 and AGENA 4 realised that they do not have the required documents to open an account, like a valid identification card and utility bills. AGENA2 said that he doesn't fulfil the requirements for opening a bank account, like a valid identification card. AGENA 4 added that his friend told him that he must produce some supporting documents that are difficult for him to get. Other two informants (AGENA3 and AGENA6) mentioned cost of financial services as their reasons for not having a bank account. They indicated that because an account involves some expenses and transportation cost to and from the bank, they can't afford to maintain a bank account. From their responses, two issues emerged, that is, voluntary and involuntary reasons. The responses are shown in figure 4.24 below and discussed subsequently.

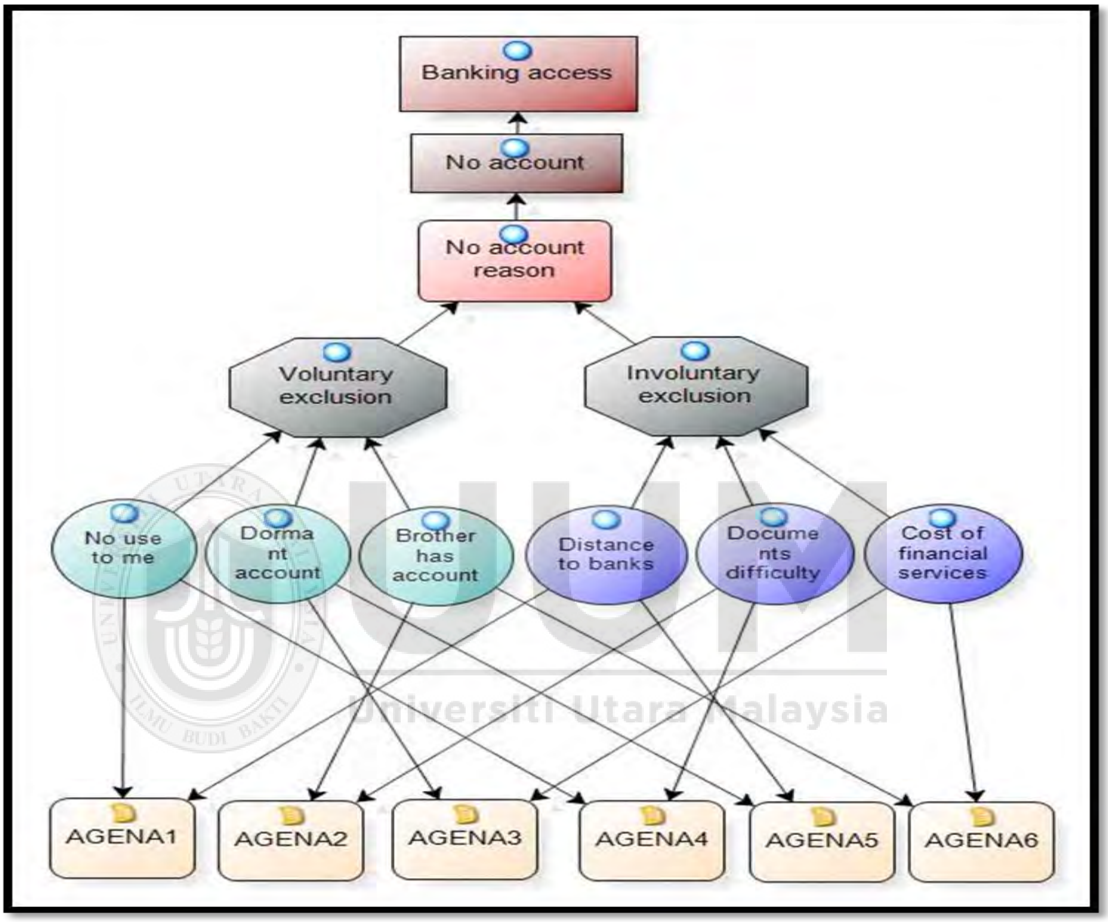

Figure 4.24:
Excluded entrepreneurs' reasons for not having bank account

4.6.1.2 Account officers' effort on outreach to unbanked entrepreneurs

This question is aimed to identify whether entrepreneurs' lack of access to banking services is connected to bankers' marketing effort to invite small farmers for opening an account or otherwise.

Only AGENA 3 and AGENA 5 responded that bank account officers ever asked them to open an account. But, AGENA5 also added that bankers called him even recently to reactivate his dormant account, but he was not interested. This shows that banks are making little effort to reach unbanked agribusiness customers. The remaining four farmers were never asked to open an account. For example, AGENA1 said that he never sees any bank staff near his house or farm. AGENA2, AGENA4 and AGENA5 also said they never knew account officers on marketing missions. It is shown in figure 4.25 below that, only two entrepreneurs (AGENA3 and AGENA5) were ever contacted by bank staff, inviting them to operate a bank account.

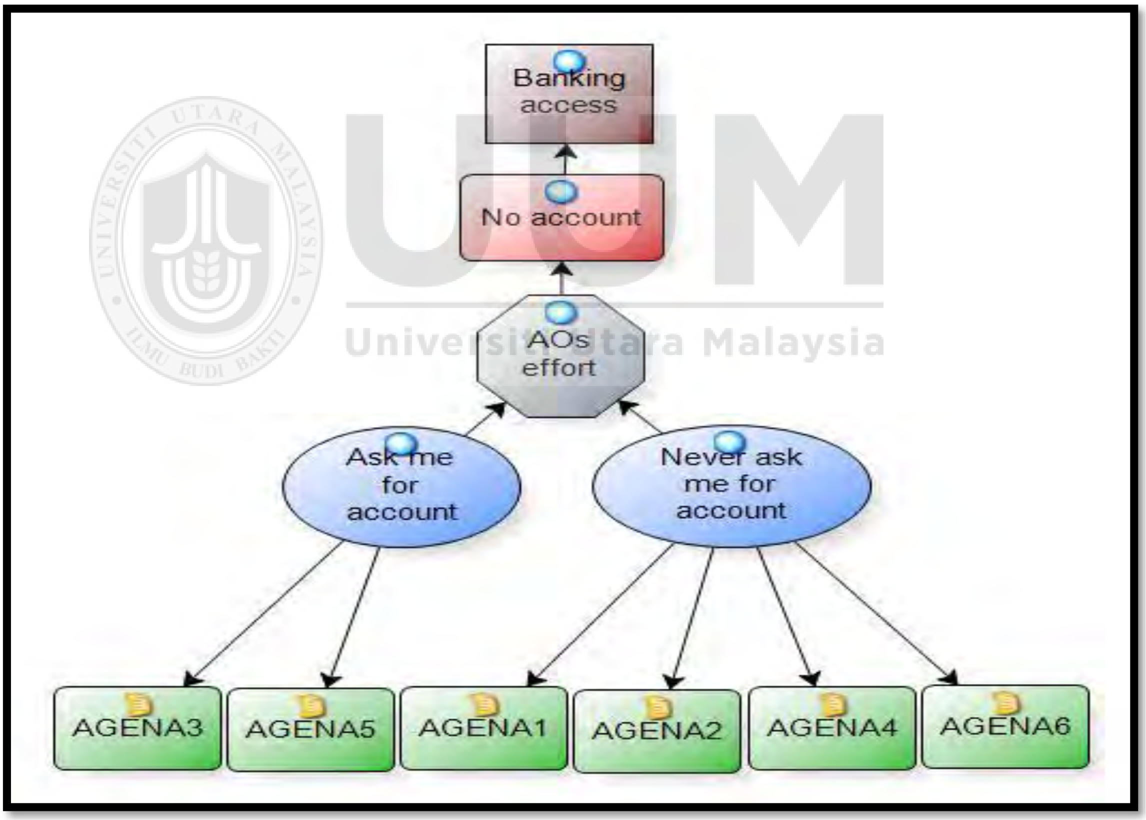

Figure 4.25

Account officers' effort to make unbanked entrepreneurs have account

4.6.1.3 How unbanked saves money

Unbanked entrepreneurs were asked how they alternatively save money, and to know if small-agribusiness entrepreneurs are using another option like the non-bank formal or informal way of saving money.

Only AGENA2 said he is saving cash by himself at home, without the help of any other person or institution. AGENA1 said he is doing cooperative local savings trips, where they contribute monthly, and give the monthly contribution to one person at a time. This enables them to continuously raise capital for themselves. AGENA6, on the other hand, has a trusted person that can keep cash for him.

The three (3) informants who always reinvest without keeping cash are AGENA3, 4 and 5. AGENA 3 said that he buys some liquid non-perishable assets and keeps. When he needs cash, he can sell immediately for a profit. While AGENA4 said that he revolves all his money in farming and other local businesses. Lastly, AGENA5 also said he revolves funds in farming, local business, and as well keep liquid assets. Their responses are shown in figure 4.26 below, where a majority are continuously reinvesting in their farming activities, not saving excess cash or saving by themselves.

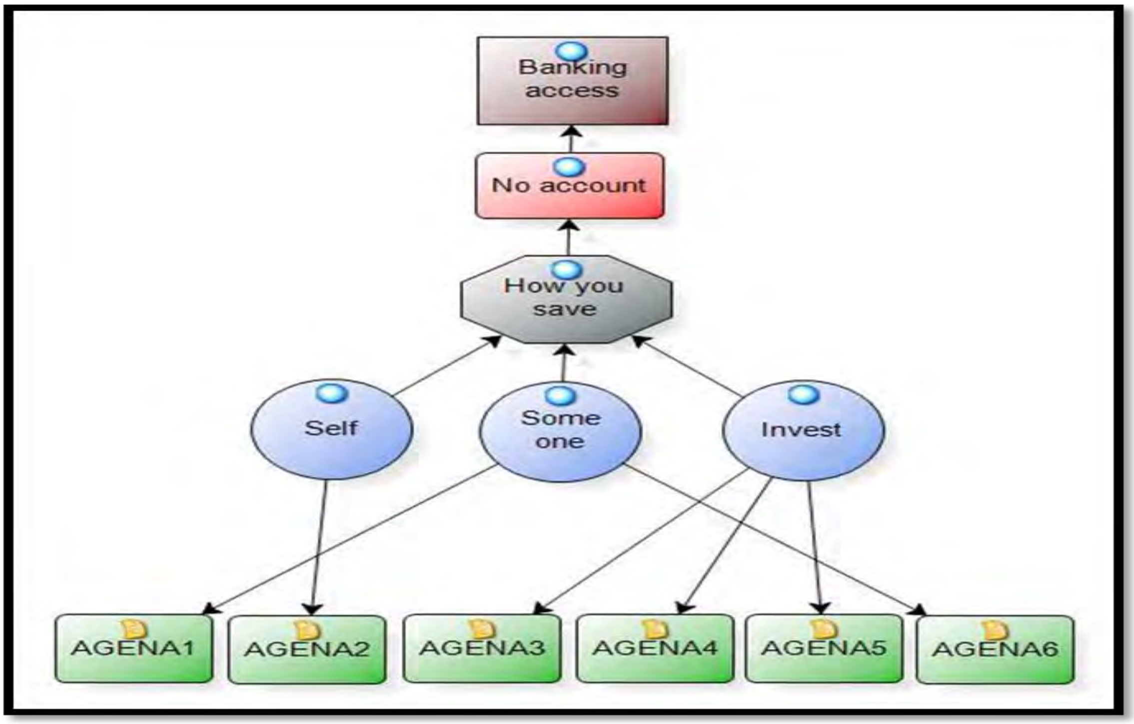

Figure 4.26

How excluded entrepreneurs saves money

4.6.1.4 How unbanked makes payments

At this era of modern payment systems, the researcher wanted to know how an entrepreneur can make or receive payments to and from other parties without a bank account. The entrepreneurs gave their idea of how to send money to or receive from another person.

AGENA1 and AGENA5 responded that, they only rely on making and receiving payments on a cash basis. This is because all their business partners and markets are completely cash oriented. AGENA2 and AGENA6 responded that they use cash, but when necessary, they could call their brothers who operate a bank account to do what is necessary for them. AGENA3 and AGENA4 on the other hand said that they do transactions on a cash basis. However, if it became necessary, they either go and make a cash deposit to the receiver's account or get someone else to do whatever is needed for them for a little reward. The pattern of their responses is shown in figure 4.27 below.

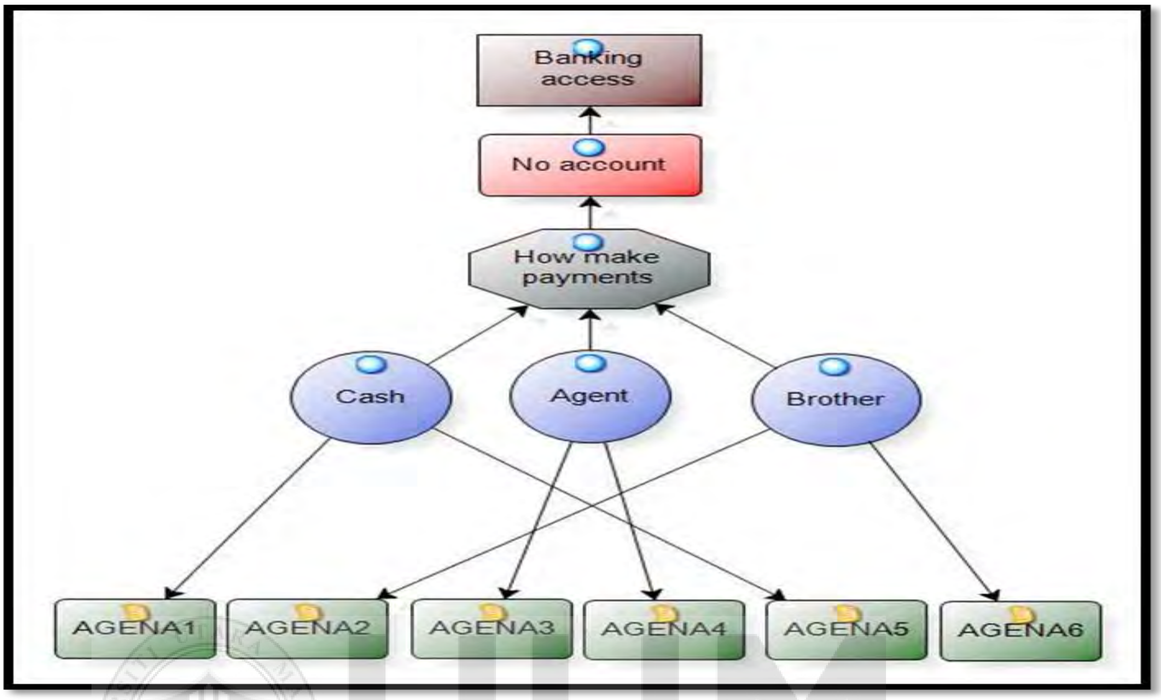

Figure 4.27

How excluded entrepreneurs makes payments

4.6.1.5 How unbanked access credit

The researcher asked unbanked entrepreneurs as to how they get money, if they need additional funding? Their responses show that the majority (AGENA 4, 5 and 6) rely on buying goods on credit from local traders or taking cash advance from buyers of their farm products, as a way of raising additional funds (trade credit). Other farmers rely on family and friends or sale of their assets to raise cash.

AGENA2 mentioned friends and relatives as a source of benevolent loans. He shows that when he is in need, a family member or a friend can give him at an appointed time. But, AGENA1 and AGENA3 indicated that they don’t want to take loans from anyone. They prefer to use personal funds from their savings or sell any of their liquid assets to raise money. The impression they give is that they are doing farm business within their resources and they do not require additional funding. While AGENA4, AGENA5, and AGENA6, prefer making credit purchases from local vendors and sometimes collect cash advance from their business associates (buyers) for sale of their farm produce to raise money.

The above five responses came from unbanked entrepreneurs to understand their issues related to bank account access. The following discussions were conducted with twelve (12) banked agribusiness entrepreneurs to understand how they use modern payment terminals. The responses are shown below in Figure 4.28.

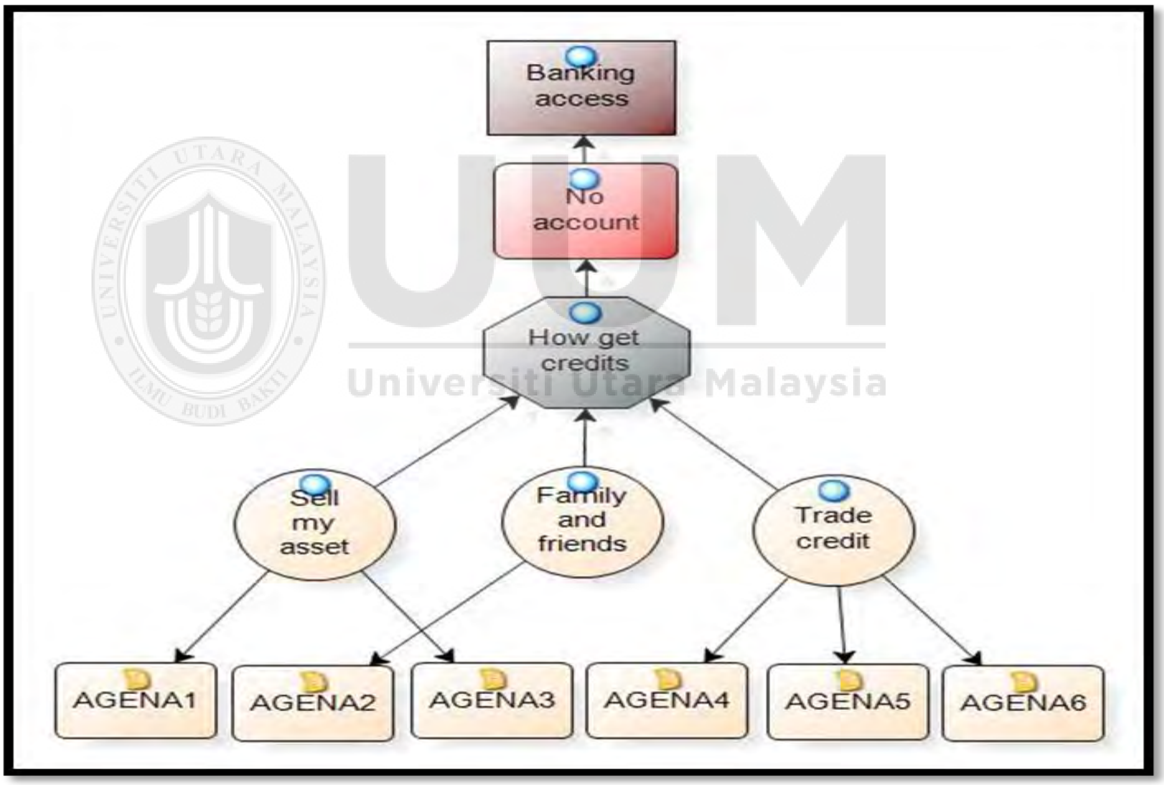

Figure 4.28
How excluded entrepreneurs access credits

4.6.1.6 Major challenges of unbanked entrepreneurs on bank account issues

The next issue affecting unbanked entrepreneurs is to understand major challenges they have in relation to bank account issues. From their responses, three (3) sub-

subthemes merged. The majority (AGENA 1,4, and 6) mentioned economic factors as their major challenge, while some entrepreneurs show lack of confidence in financial institutions as a challenge, and cost of financial services as another challenge. AGENA 2 and AGENA 3 show lack confidence in the government and financial sector, where AGENA2 said, government aid in the form of poverty alleviation funds don't reach small-scale farmers, which makes farmers lose confidence in both the government and its institutions. AGENA3 said he doesn't believe the whole banking system. AGENA3 added that banks never help small-scale entrepreneurs; they either deceive customers to open an account or exploit his money, or worst a customer falls in to the hands of fraudsters disguising as bankers or government agents to assist farmers.

AGENA 1, 4 and 6 blamed economic factors as a challenge for not having bank accounts. AGENA1 blamed the seasonal nature of his agricultural business, which makes his income and ability to save irregular, AGENA4 also said that despite all their hard-work in farm, sometimes demand for farm output may be low, which in turn affects their cash flow and income. AGENA6 viewed his major challenge as price instability and the major challenge is fallen price of farm outputs and increasing cost of inputs. So, due to price changes, sometimes farmers are not making profits, even if they are lucky and the harvest is good.

Cost of financial services is a challenge to AGENA4 and AGENA5, where they complained about cost of financial services as high compared to its benefits. This is shown in their response, where AGENA4 said that operating a bank account can cost him much money for all the documents they need and charges they make. On the other hand, AGENA5 complained about distance and its related cost and inconveniences by looking at the distance of where they live, which is far away from the bank branch.

AGENA 5 added that, if fthere is a need for cash, they must cover a certain distance to the main town, which makes the cost of banking too much to them. The responses are shown in figure 4.29 below.

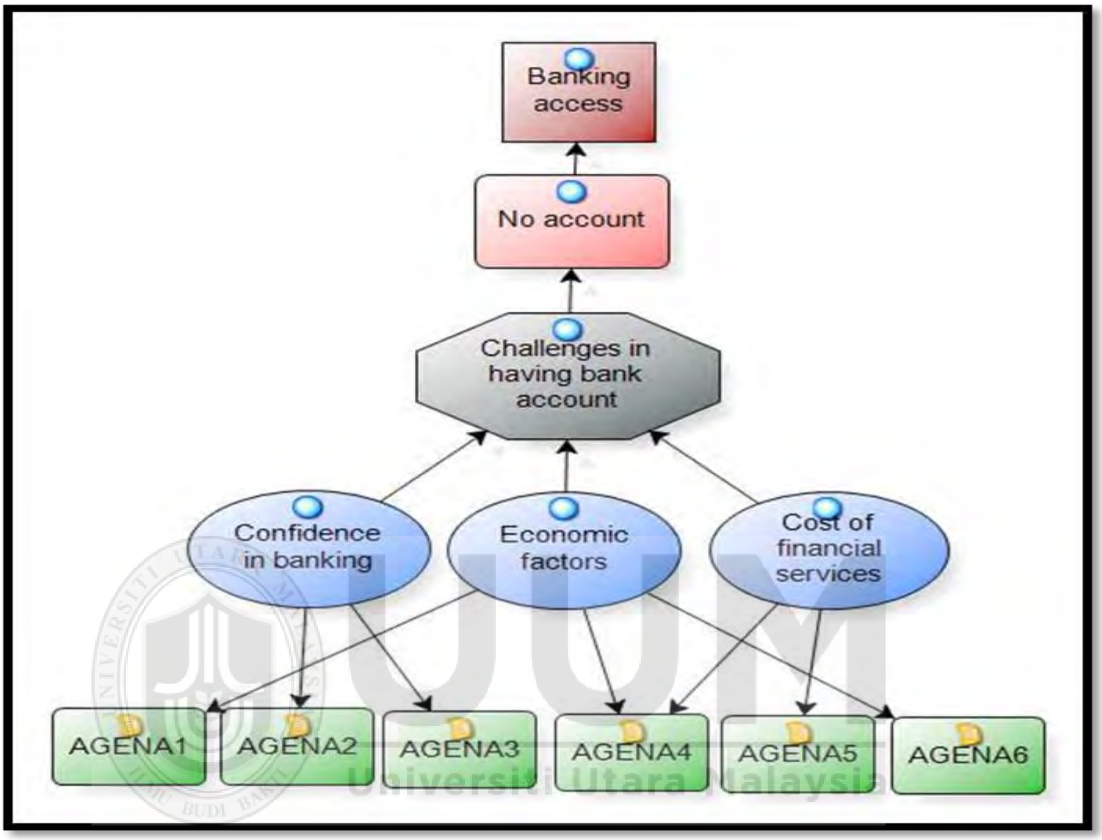

Figure 4.29
Major challenges of excluded entrepreneurs

Some unbanked entrepreneurs willingly refuse to have access to financial services (voluntary exclusion), and among them are those who have access to financial services through their family members, friends, or agents. Therefore, involuntary exclusion among entrepreneurs is minimal, particularly among those living not far away from banks. The reason for voluntary exclusion is largely due to cost associated with access to banking services, compared to its benefits. In some other cases, agribusiness entrepreneur may be qualified to be included by all ramifications, but can deliberately ignore formal financial services largely because all their business transactions are cash-based. Therefore, they voluntarily refuse formal financial services because they do not need banking services.

Distance between farm-lands or household of some agribusiness entrepreneurs to access points of banking services does not significantly influence access to financial services of the entrepreneurs. This is evidenced by some entrepreneurs (AGENA 2, 3, and 6) who are living not far away from banking service points, and yet, they do not operate a bank account. On the other hand, despite the long distance of some entrepreneurs (AGEA 2 and AGEAC1), they operate a bank account and use various banking products and channels. This finding on agribusiness entrepreneurs contradicts the finding of the EFInA survey report, (2014), which indicates the effect of household's distance of farmers to banking service points (rural 25%, urban 56.3% banked adults). The qualifying factor is; the EFInA survey report, (2014) considers all adults living in rural areas, including all subsistence farmers, while this study surveys only agribusiness entrepreneurs. This shows that level of education, farm size and volume of business activities plays a greater role than distance in willingness to access banking services.

Similar to some previous studies, challenges of financial exclusion are not only a function of illiteracy, but also due to challenges of lack of trust in financial sector, income (irregular income or no job), physical access (too far away from financial services or high transportation cost), affordability (financial services are expensive to have) as well as eligibility to documentation processes (Dabla-Norris, et. el., 2015). This study also shows the challenges of physical access and documentation, where some unbanked entrepreneurs mention physical access, affordability, and documentation challenges as their reasons for not having a bank account.

Another challenge is that excluded rural based agribusiness entrepreneurs do not know or ignore the role of financial institutions in increasing inclusion. On the process of discussion, some unbanked entrepreneurs insist on government direct intervention (aid) like poverty eradication programme as the only way of increasing their inclusion. This is deduced from the responses of AGENA4 and AGENA6. These challenges are shown in figure 4.30 below.

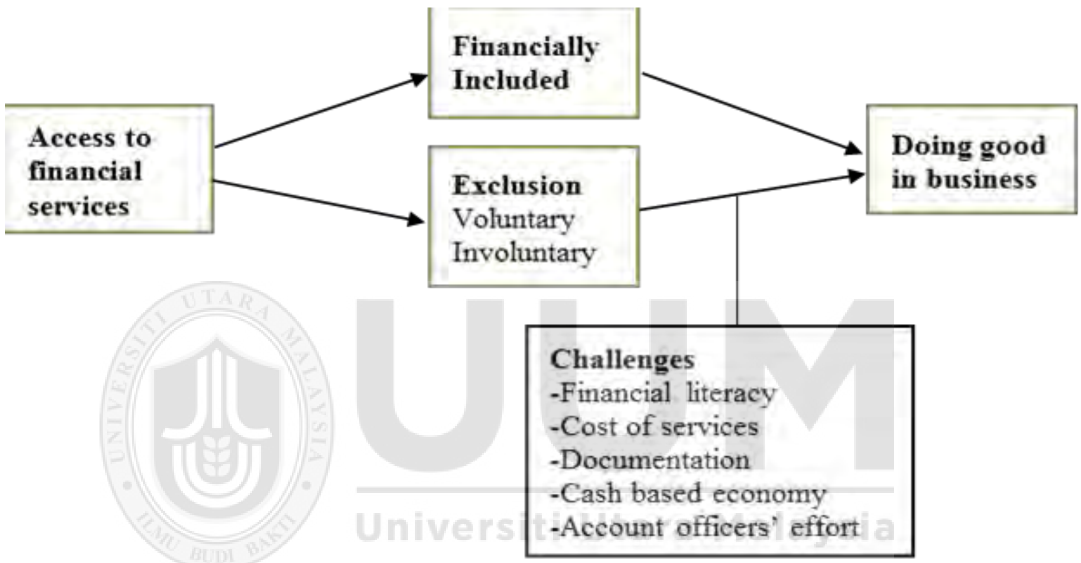

Figure 4.30
Challenges of unbanked entrepreneurs towards access to financial services

The challenges above may be connected to poor account officers' effort to reach farmers. This is justified by the responses of the majority (4) of unbanked entrepreneurs who affirm that they never see any bank staff requesting them to open a bank account. Lack of bank account necessitated unbanked entrepreneurs to use traditional modes of savings, payments, and credit access.

4.6.1.7 Use of Automated Teller Machines (ATMs) for bank transactions

Small-scale agribusiness entrepreneurs are frequently using ATMs for transactions. It has been found that, ten (10) out of twelve (12) account holders are using ATMs for cash withdrawal, transfers, airtime recharge or checking the account balance. Although, two are rare users, eight are frequent users of ATMs. Only two entrepreneurs are completely not using ATMs.

There is a high usage of ATMs among the entrepreneurs for various transactions, as shown by their responses in the figure above. Eight (8) out of the twelve entrepreneurs having bank accounts are frequently using ATMs for transactions. Their responses show that AGEA1, AGEA3, AGEA4, AGEA5, AGEA6, AGEAC1, AGEAC3, and AGEAC6 are frequently using ATMs for cash withdrawal, deposits, transfers, checking account balance and phone credit recharge. Two informants (AGEA2 and AGEAC2) are rarely using ATMs. Their responses indicate that, they have an ATM card, but rarely use it for cash withdrawal.

The only two (2) entrepreneurs who are not using ATMs are AGEAC4 and AGEAC5. AGEAC4 said he doesn't use ATMs, because of the problems of either waiting time on queues, dispense error, out of cash message, or connectivity problems. While AGEAC5 also said he have the card, he knew how to use it, but don't use it because his transactions are cash bsed most of the time. Their responses are shown in figure 4.31 below.

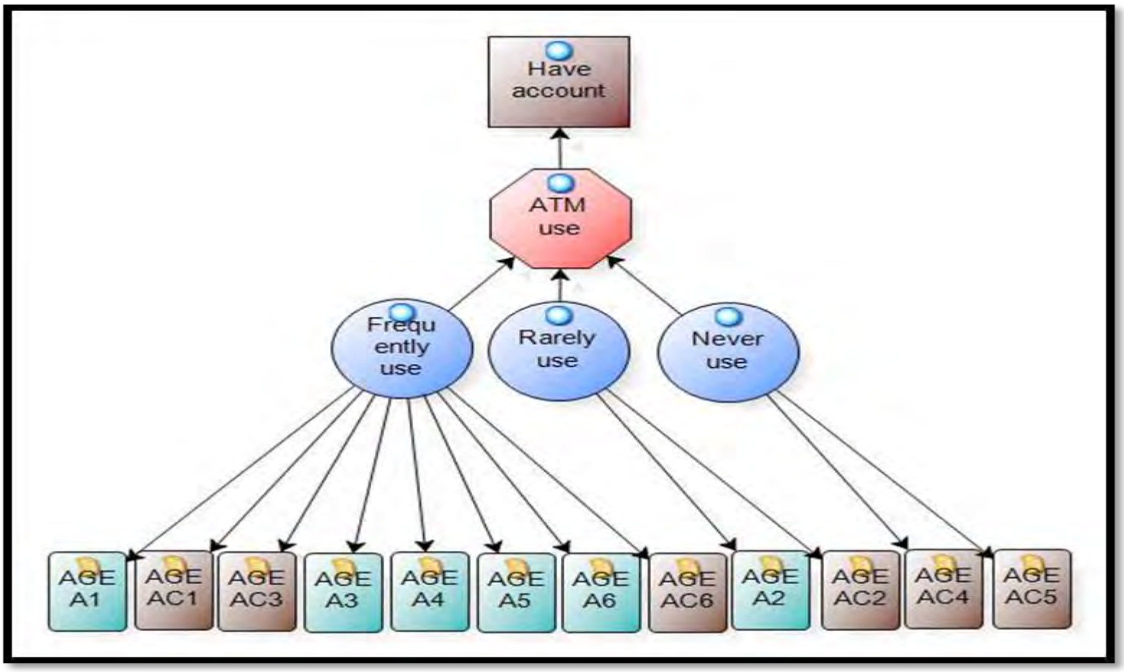

Figure 4.31
Use of ATMs by account holders

4.6.1.8 Use of Point of sales (POS) machine for bank transactions

The case is different in POS usage as only one entrepreneur is using POS frequently. Four (4) are rarely using it, and the remaining seven (7) completely do not use the machine. The only entrepreneur (AGEA4) using POS is making payment to one supplier, because he usually pays the dealer who sells farm chemicals to him, using the card on his POS machine inside the dealer's shop.

Four entrepreneurs who occasionally use the POS machine said that they use it as follows. AGEA6 said that when the ATM machine did not give him cash or there is a long queue, he can go to someone's shop, make a POS transfer to the shop owner, and collect the cash equivalent, but attract little charges. AGEAC2 also said he uses it sometimes for shopping. AGEAC4, on the other hand said he likes using it but few traders have the machine in their shops, so he usually carries cash for his purchases.

Finally, AGEAC6 said that he used it only once in his life time, where he paid for some shopping in a provision store.

The majority (seven) of the informants never use the POS machine for transactions in their life. AGEA1 said he knew about POS machines in shops, but, he never uses it. AGEA2 tried using it once for shopping but it was unsuccessful because of network failure. So he never tries using it again. AGEA3 and AGEA5 said they never use it and added that they never even try using it. AGEAC1 and AGEAC5 also said they never use it, though they heard about it. AGEAC3 simply said that his suppliers don't have the machine. The responses are shown in figure 4.32 below.

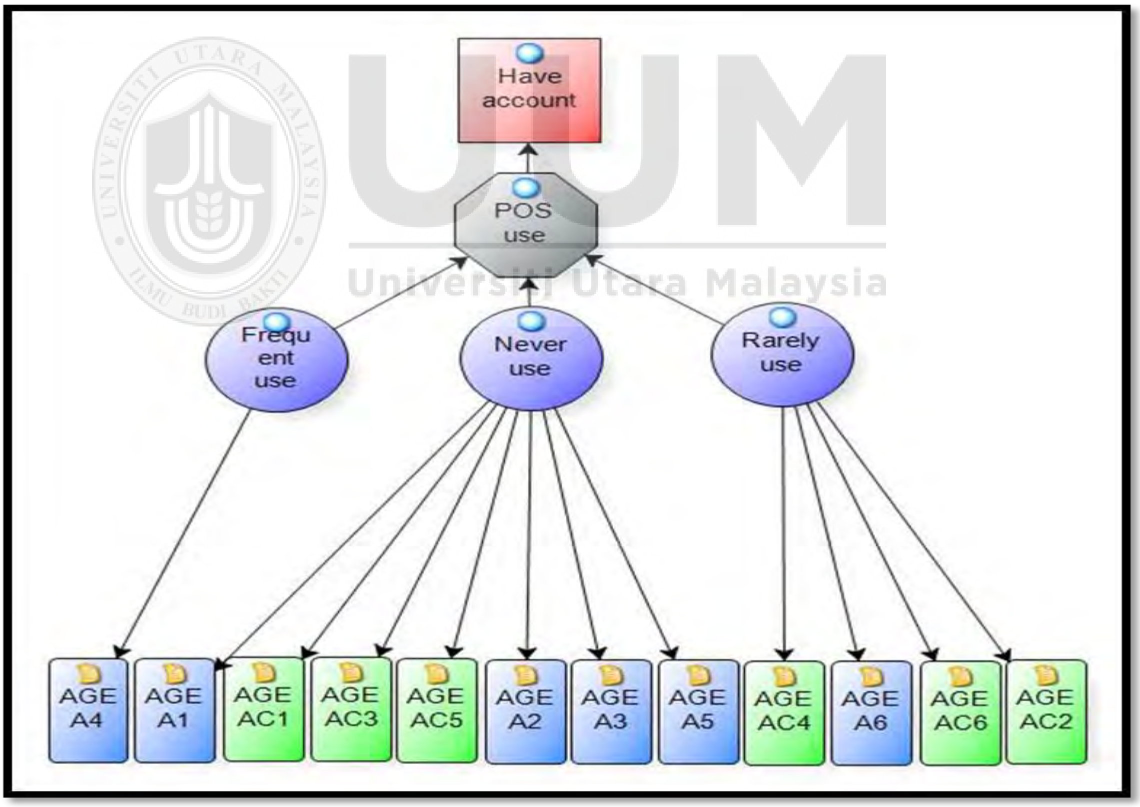

Figure 4.32
Use of POS by account holders

4.6.1.9 Use of internet banking services

The frequency of internet banking service usage is also very low among small-scale agribusiness entrepreneurs. Only one entrepreneur frequently uses the internet banking service, while the other three (3) entrepreneurs are rarely using it. The majority (eight) of the entrepreneurs are not using and never use internet banking service for bank payment services.

It is observed here that only entrepreneurs accessing credit have experience of using internet banking. However, it may not be unconnected to their level of education. Although some of the entrepreneurs among those not accessing credit have better levels of education, they do not using internet banking.

The only entrepreneur using internet banking is AGEAC4, who says that he uses internet banking, and he feels comfortable and convenient using it. He used internet banking on several occasions.

Responses of AGEAC2, 3, and 5 indicate that they only occasionally use internet banking and found challenges in using it. AGEAC2 said he used it once, on the recommendation of his account officer. AGEAC3 also said that he uses internet banking only for his account to account transfer. While AGEAC5 added that he sometimes does transfers through internet banking with token numbers sent on a mobile phone.

The majority of the entrepreneurs (eight) with bank account never use internet banking. AGEA1, AGEA2, AGEA3 and AGEA5 said they never use it and don't even know how it works. While AGEA4 added, that he never even attempted. But, AGEA6 and AGEAC1 said; they never use it, but they hear people talking about it. Finally, AGEAC6 knew how to use internet banking, but he never uses it, as shown in figure 4.33 below.

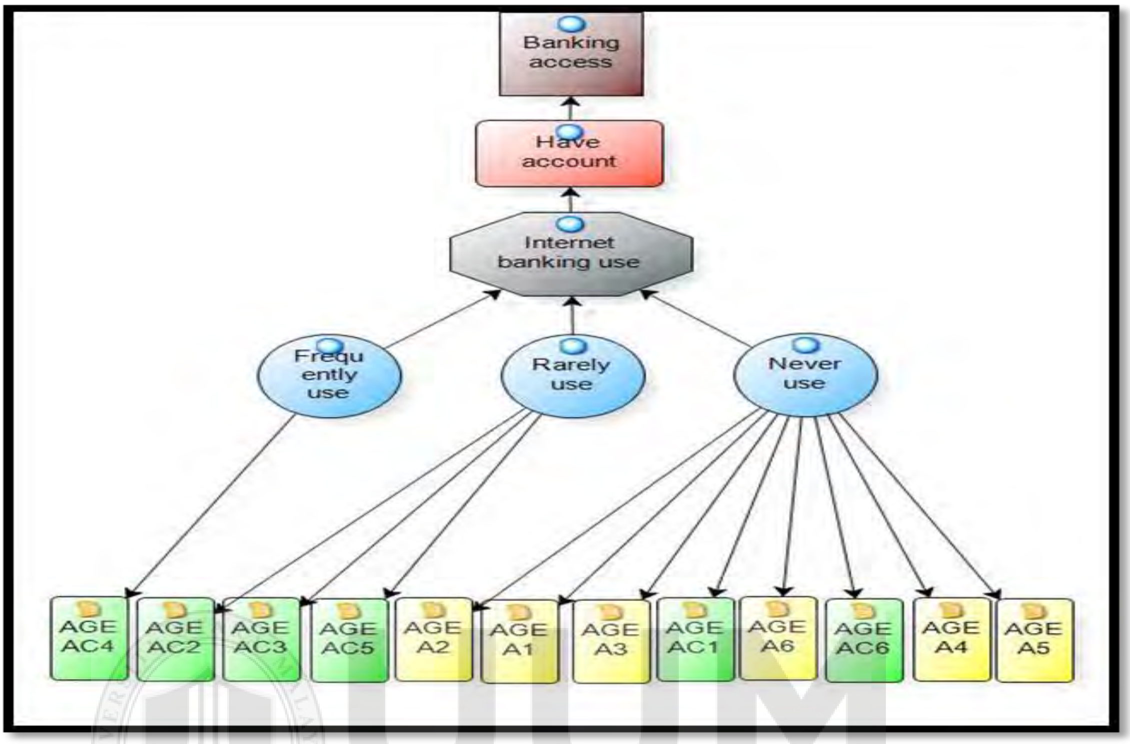

Figure 4.33
Use of internet banking by account holders

4.6.1.10 Use of mobile banking services

Likewise, the use of mobile banking for bank transactions is very unpopular among the entrepreneurs (except transaction alert), although three (3) entrepreneurs frequently use mobile banking. Only one (1) entrepreneur is found using mobile banking rarely. The majority (8) entrepreneurs never use mobile banking services, except for receiving transaction alerts. In this study, the researcher did not consider receiving transaction alerts from one’s account’s transaction as mobile banking, because, receiving transaction alerts is common and generally included in the account opening criteria. Virtually every customer receives transaction alerts without a special request to activate it. After all, it does not constitute any form of payment.

The responses of these three (3) account holders show that they are frequently using mobile banking. AGEA4 and AGEA5 responded as saying that they can check the account balance and buy recharge cards for themselves and others using their mobile phone. AGEAC1 added that he sees bank balance, buy recharge card, receive transaction alert, and does cash transfers with his mobile smart phone. The only entrepreneur rarely using mobile banking is AGEAC6, who said that he occasionally buys the recharge card from his bank account using his mobile phone.

The remaining eight (8) informants that are not using mobile banking for any form of payment are AGEA 1, 2, 3 and 6, as well as AGEAC 2, 3, 4, and 5. Some of them responded that they only receive transaction alerts on their mobile phone. Others indicated that in addition to transaction alerts, they check the account balance on their mobile phone. However, none of them makes any form of payment or transfer via mobile phone. These responses are summarised in figure 4.34 below:

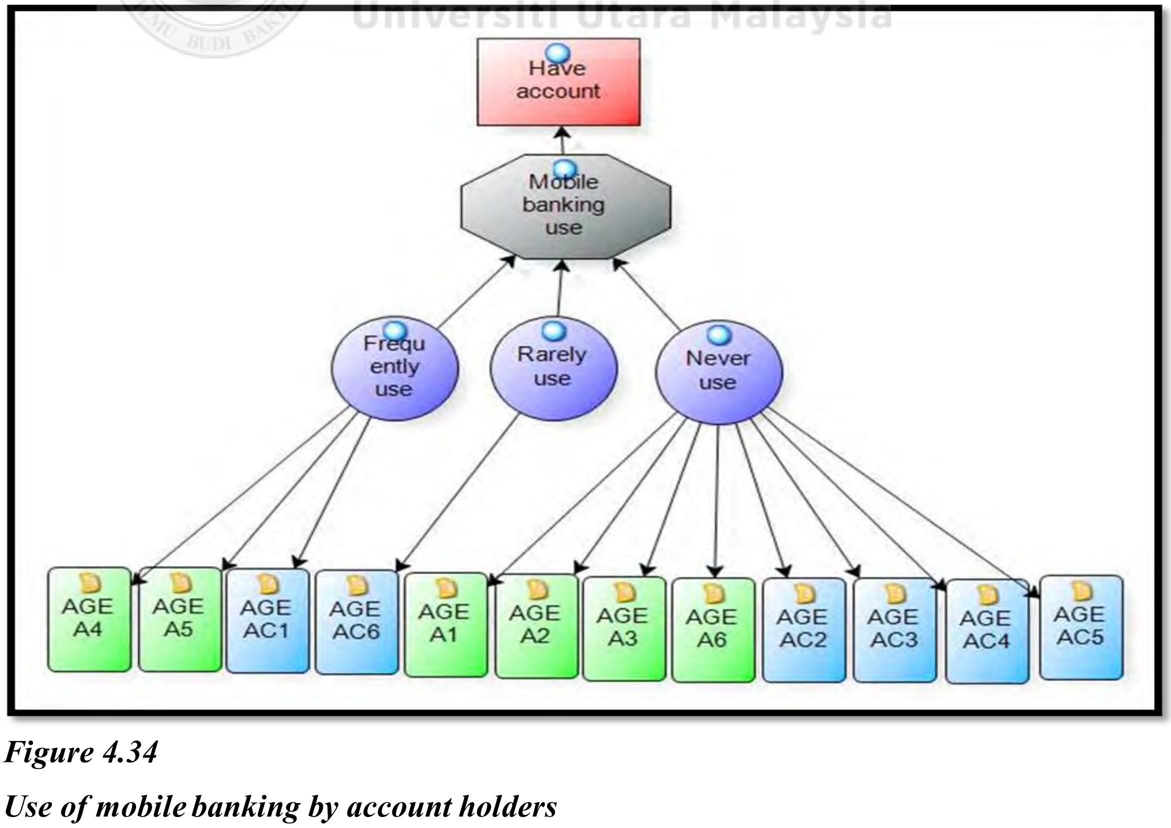

Figure 4.34
Use of mobile banking by account holders

4.6.1.11 Challenges of access to bank payment services

All informants having bank account are eligible to use various payment terminals like ATM, POS, internet, and mobile banking to transfer or withdraw money from their account. Therefore, the use of various payment terminals by entrepreneurs with a bank account was used to assess the relationship of using the modern payment terminal with bank account status. Table 4.5 below summarised the extent of the overall use of payment terminals based on the bank account status (banked but not accessing credit and those accessing credit) by all informants who have a bank account, as shown in Table 4.5 and figure 4.35 below:

Table 4.5

Entrepreneurs' usage of payment terminal by banking status

	Never use		Rarely use		Frequently use	
	Banked but no credits	**Banked and Access credits**	**Banked but no credits**	**Accessing credits**	**Banked but no credits**	**Accessing credits**
ATM use	0	2	1	1	5	3
POS use	4	3	1	3	1	0
Internet banking use	6	2	0	3	0	1
Mobile banking use	4	4	0	1	2	1

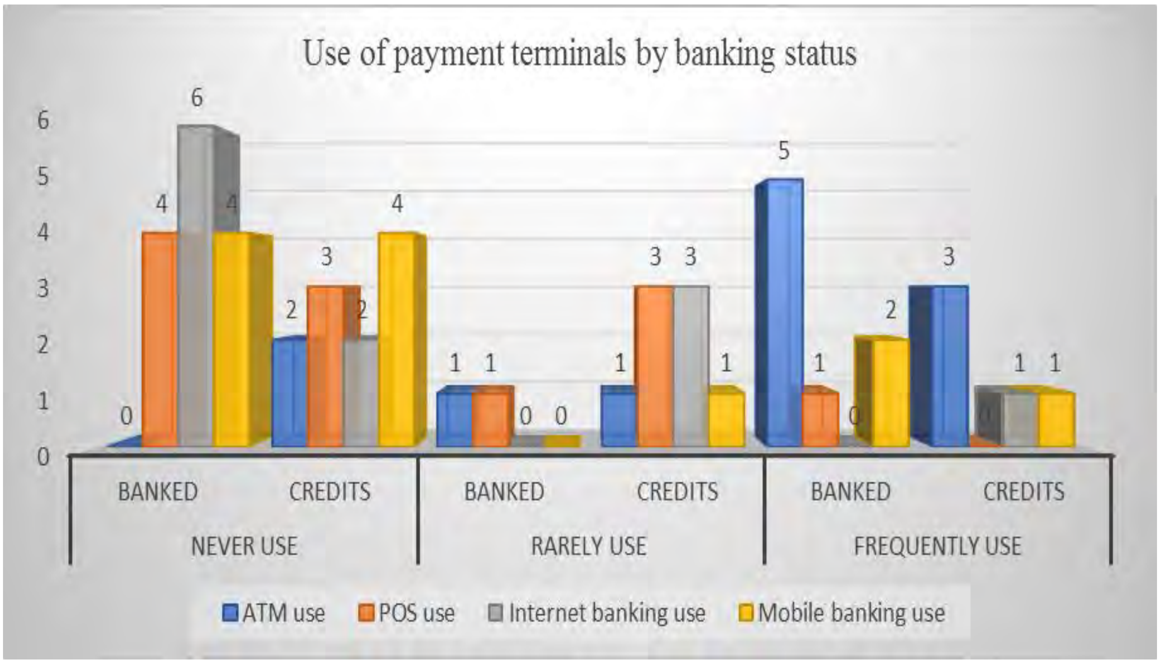

Figure 4.35

Entrepreneurs' Usage of payment terminal by banking status

Nevertheless, there is no difference or superiority noticed in use of payment terminals among banked entrepreneurs accessing credit and those not accessing credit. In some cases, entrepreneurs not accessing credit use payment terminals more than those accessing credit, depending on the entrepreneur's literacy level, and in some other cases, is vice versa. This shows that access to credit has no relationship with the use of payment terminals by banked entrepreneurs.

Generally, entrepreneurs with bank accounts are frequently using ATMs for cash withdrawal and other services. But, there is poor use of POS, internet, and mobile banking services among small agribusiness entrepreneurs. This is justified by responses of banked entrepreneurs, where the majority are frequently using ATMs, and majority of them never use POS, internet, and mobile banking for payments. However, this may be associated with the nature of the Nigerian economy which has more cash transactions than electronic payment systems. The recent cashless policy introduced by CBN across all states of Nigeria may likely reduce use of cash transactions (NFIS Annual Report, 2015).

There is no difference in the use of electronic payment terminals among entrepreneurs with Islamic or conventional bank accounts. There is also no difference or superiority noticed in use of payment terminals among banked entrepreneurs accessing credit and those not accessing credit. However, there is association of use of payment system terminals and level of education of the entrepreneurs. This shows that access to credit has no relationship with use of payment terminals by banked entrepreneurs but use of banking payment terminals is associated with level of education (financial literacy). Despite the level of education, there are challenges that affect entrepreneurs' use of payment terminals. This relationship is shown in figure 4.36 below.

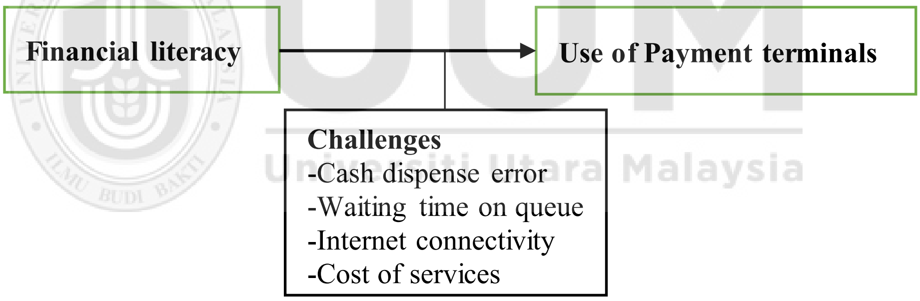

Figure 4.36
Relationship of using payment terminals and financial literacy

4.6.2 Entrepreneurs' access to bank credit/financing

Access to bank credit here means, getting additional funding through any mode of financing from Islamic and conventional banks. Small-scale entrepreneurs identified as having a bank account were asked to discuss the use of electronic payment channels and access to credit. From their response, banked entrepreneurs are categorised into having access to bank credit (six informants) and those not having access to credit (six informants).

In this section, the responses to the interview are challenges and way out of the challenges for entrepreneur accessing credit, and those entrepreneurs not accessing bank credit, as well as account officers' effort to ensure access to credit.

4.6.2.1 Entrepreneurs' challenges for not accessing bank credit/financing

Entrepreneurs not accessing credit state major challenges that make them not to access credit. The issue of providing workable security for loans, like collateral or a guarantor is found to be a major challenge for not accessing credit. Banks require borrowers to tender collateral or bring a worthy person as a guarantor, and entrepreneurs find it difficult to fulfil this requirement. Other entrepreneurs complained about too much bureaucracy involved in the bank lending process. They show that while, agricultural expenditure is time bound, the need for financing may suddenly occur, and banks may undergo many formalities on the lending process. Only one entrepreneur stated his allergy to borrowing because he is naturally risk averse and afraid of stress in borrowing. Therefore, he doesn't need loans.

AGEA1 is among entrepreneurs that never request for credit, where he said that he doesn't need loans. He is afraid of stress in credit (aversion). He prefers to be contented with the little capital he has, and make it grow slowly, instead of bearing too much commitment.

Three (3) out of the six banked entrepreneurs that do not access credit, who stated the issue of collateral and guarantor are AGEA2, 4, and 5. They responded as follows:

AGEA2 said *"I can't get all documents for assets they need from me to get loans, a friend said, it is difficult to get loans, he tried, and they investigate so much about personal life and business, which I don't like, I hate it, but, I like the funding"* **(Inf. 15, resp. 7, page 333).**

And AGEA4 also said *"They ask me to provide collateral or guarantor, which I don't have, and bankers cannot take our farms as collateral because they are far away from cities, and they cannot give you a loan without security for the loan"* **(Inf. 17, resp. 9, page 342).**

While AGEA5 added that, *"when I asked them to buy a poultry feed processing machine to me, they said, I must bring collateral, or someone to be my guarantor. When I asked why he said, they bought something like that to someone, he sells it without their knowledge. I don't have certificate of occupancy for my farm and house and none of my friends or relatives can stand as a guarantor to me"* **(Inf. 18, resp. 9, page 346).**

The two (2) entrepreneurs that mentioned banks' bureaucracies as a challenge are AGEA 3, and AGEA 6. AGEA3 complained about banks' excessive demands to provide things (documents) which he doesn't even know how to obtain them. AGEA6 also complained that the procedure to access loans is not easy and that he did all he could but finds it difficult to access financing.

Entrepreneurs not accessing credit are categorised into two; those who never request for credit (AGEA 1,2, & 3) and those who requested for credit but were unable to access it (AGEA 4, 5, & 6). There isn't much difference in their challenges, except that their statement shows that the later entrepreneurs have more knowledge related to credit access than the former. Only one (AGEA1) out of six entrepreneurs responded that he is not willing to access financing from the bank. However, the remaining five (5) entrepreneurs are willing to get financing but they do not possess the stringent requirements of banks. The five entrepreneurs mentioned inadequate loan security (collateral and guarantor) and too much bureaucracy as major challenges that denied them access to financing.

From their responses in figure 5.38 below and subsequently discussed, it is understood that, AGEA 1, 2, and 3 never request for loans from their banks, while AGEA 4, 5, and 6 requested but were unable to access financing. Meanwhile, the pattern of their responses is shown in the figure 4.37 below:

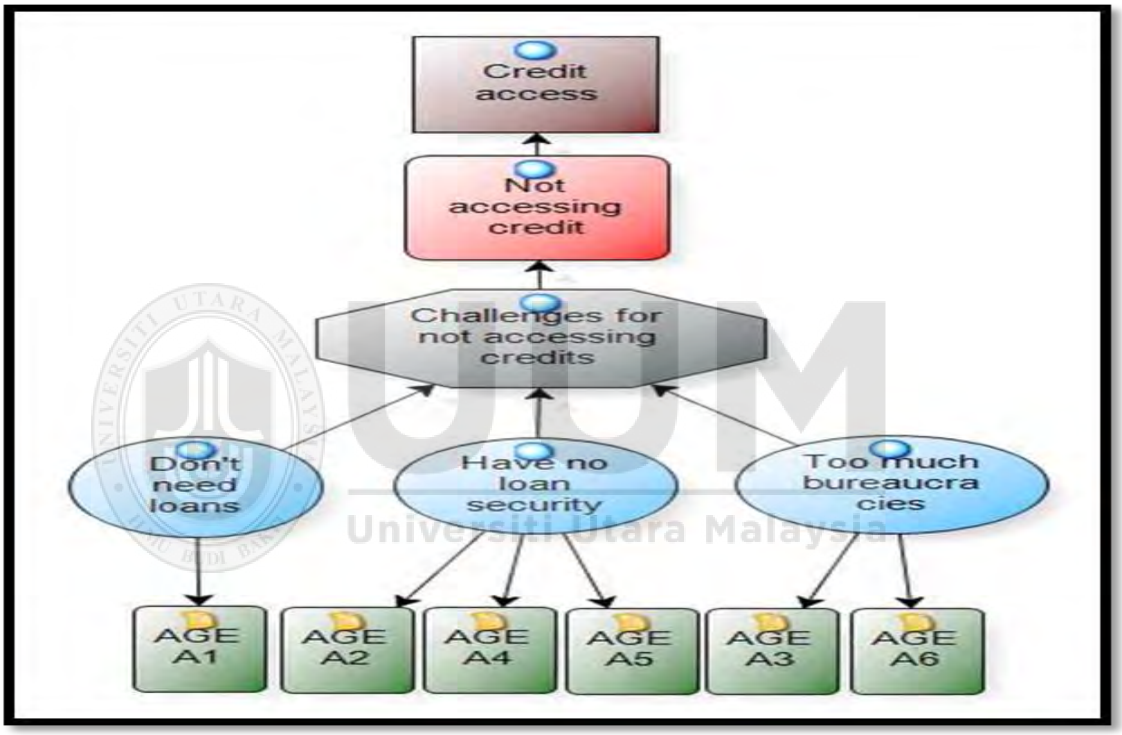

Figure 4.37
Entrepreneurs' challenges for not accessing credits

To overcome these challenges of not accessing credit, some entrepreneurs demands government guarantee services, while other entrepreneurs implore banks to be more efficient in delivering services and relax their financing requirements. The entrepreneurs mentioned the need for government intervention, relaxing requirements for bank loans, and banks' efficiency in service delivery as the way out of challenges in not accessing credit. The responses are discussed below:

AGEA1 and 5 expresses the need of government's hand in rescuing small-scale farmers' access to credit. AGEA1 responded that what they need from the government is constant electrical power supply. While AGEA5 responded in relation to loan security, where he said:

> *"it is the government that is supposed to intervene in our case, by being a guarantor to us, to enable us obtain loans. But, even the ministry of agriculture or local government council don't care about that, but we need it"* **(Inf. 18, resp. 10, page 346).**

Two (2) other entrepreneurs (AGEA2 and AGEA4) expressed their view that if banks can reduce requirements for financing, it can reduce a lot of their challenges in access to financing. They believe everyone needs funding and that is why they patronise banks to take loans.

On the other hand, AGEA3 and 6 indicated that banks need to improve their efficiency in service delivery, by being proactive in communicating to customers' requests. AGEA3 said that he needs to enquire more on banks which are giving loans. AGEA6 responded that Ja'iz bank should use the modern way of financing processing, to be faster and more efficient, and straight forward. AGEA6 advised that if customers cannot get financing, the banks should tell him as early as possible so that he can make other arrangements. Their responses are presented in figure 4.38 below.

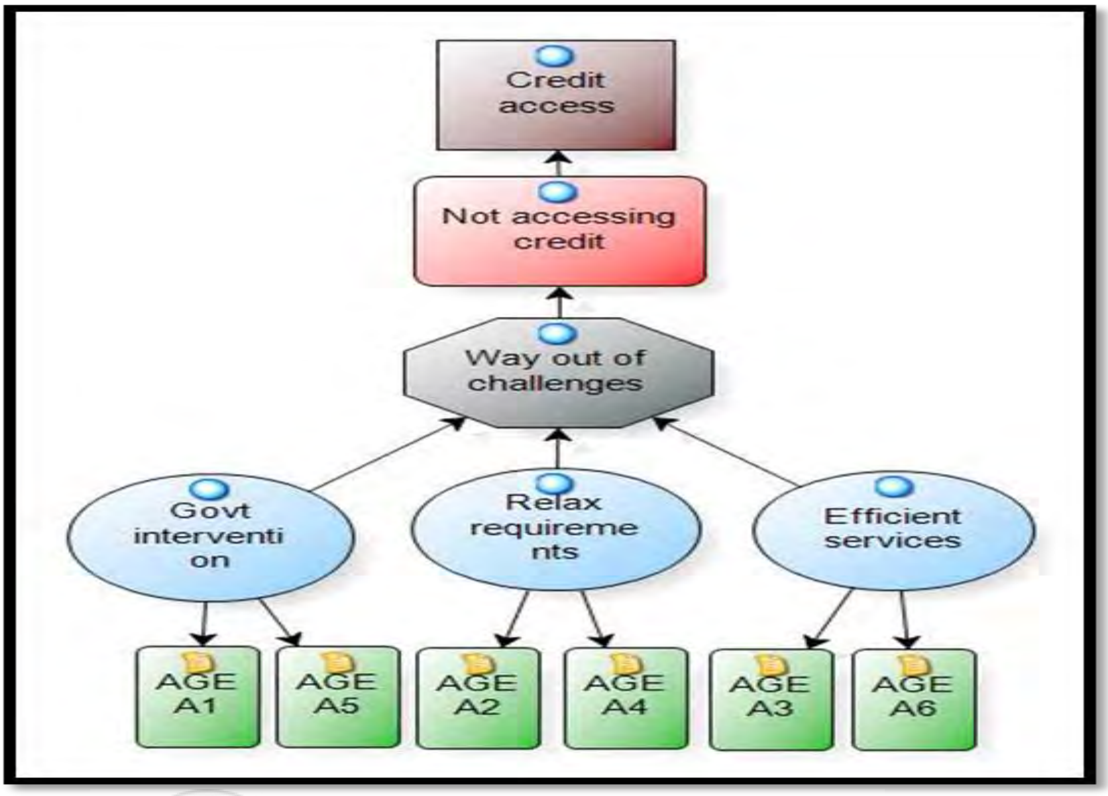

Figure 4.38
Way out of challenges for not accessing credits

4.6.2.2 Entrepreneurs' challenges faced in accessing bank credit/financing

These are the responses of entrepreneurs who sought for credit and got it or are getting it from their banks. Two entrepreneurs (AGEAC1, and AGEAC4,) accessing credit informed the researcher that, the major challenge they encountered is acceptance of their project proposals as viable investment by the bank. AGEAC1 says,

> *"when I first submitted business plan and proposals, they say my business is not viable enough to be financed, so they usually ask to explain in written. I got someone to rewrite the proposals for me, which shows how I can utilise the loans. If they are not satisfied with the plan, no loans for you. So, I suffered before they accepted it"* **(Inf. 20, resp. 9, page 354).**

AGEAC4 also expresses his view as follows:

> *"bankers don't want to give loans to farmers for fear of loss, because they don't see good business in agriculture to make profit. I don't mention farming alone as my occupation since I have stream of income from another source. if you rely only on farming, they hardly give you loans. I am also not certain how the season would be, so I am afraid of borrowing for agriculture alone"* **(Inf. 23, resp. 9, page 366).**

The other two entrepreneurs (AGEAC2, and 3,) mentioned cost of financial services as high, particularly cost of financing. Where AGEA2 responded as saying;

> *"initial cost of processing the loans was high to me, I spent so much money to process the loan. When I first attempted accessing, it takes too much of my time, money, and transportation, so I nearly backed out, but my account manager encouraged me to be patient"* **(Inf. 18, resp. 9, page 346).**

> *"initial cost of processing the loans was high to me, I spent so much money to process the loan. When I first attempted accessing, it takes too much of my time, money, and transportation, so I nearly backed out, but my account manager encouraged me to be patient"* **(Inf. 18, resp. 9, page 346).**

AGEAC3 also complained about the cost financing where he said;

> *"the loan cost me too much, which is eroding my profits, although I always regret it, but I have no option when in serious need. When I added up all amount I repaid, the overall charges are high, up to 26 percent of the money"* **(Inf. 22, resp. 9, page 362).**

The other two (2) entrepreneurs (AGEA5, and AGEA6,) complained of their ability to provide loan security in the form of collateral or guarantor as a challenge to accessing financing. AGEAC5 complained that the bank insisted that he either gets a collateral or guarantor before getting loans, which he was unable to provide, hence, relying on his salary to obtain benevolent loans from Jaiz bank. AGEAC6 responded that the bank refused to give him cash, but they agreed to make payments to his supplier of animal feeds, where the supplier serves as his guarantor. Meanwhile, he was unable to get cash as he needed it. These entrepreneurs show better experiences of access to finance than the former. Figure 4.39 below shows the pattern of their responses.

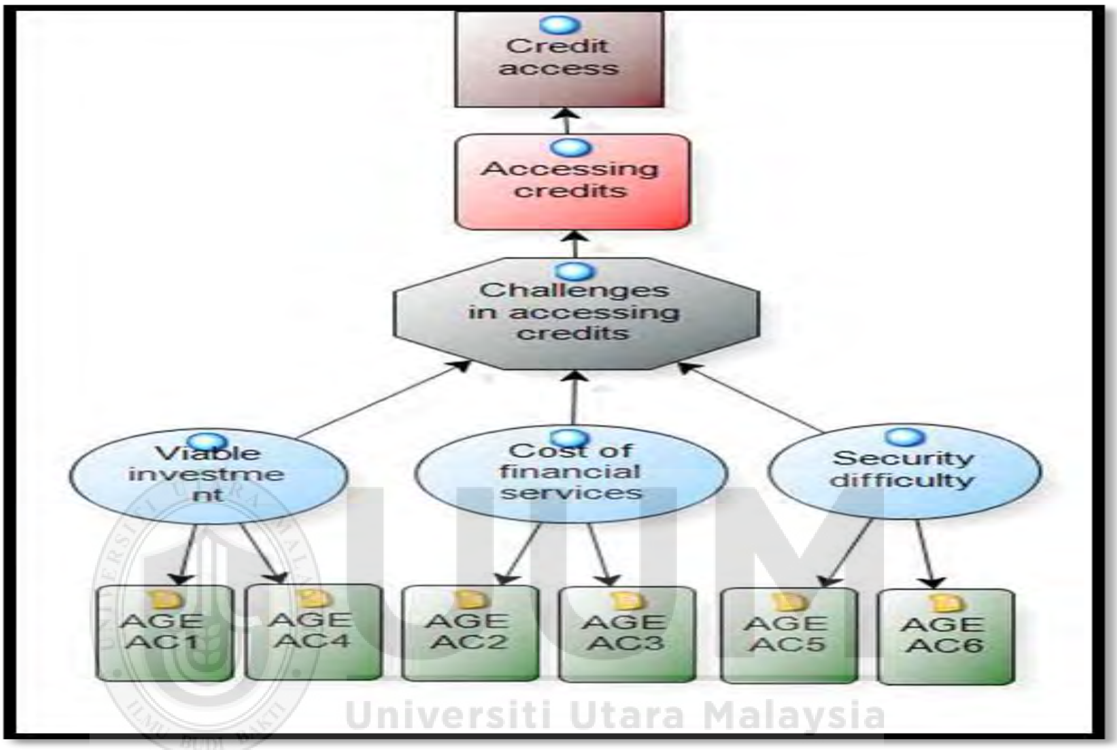

Figure 4.39
Challenges faced in accessing credits

Entrepreneurs accessing credit recommended the way out of challenges they mentioned above. They recommend that banks be efficient in rendering services, reduce cost of financing, and relax the requirements for financing as a better way of managing challenges associated to financing.

AGEAC2 is the only entrepreneur accessing credit who thinks that relaxing the banks' requirements for lending can take care of challenges associated to financing. He added that some of the papers banks are requesting from customers as not important enough, since they know the customers well.

Two informants (AGEAC 2 and AGEAC3) suggested that, reduction in cost of financing can take care of challenges in lending. But AGEAC3 added that banks should be compassionate and considerate on the economic situation, and they should reduce the charges on loans.

Four (4) out of the six (6) entrepreneurs accessing credit suggested that banks and customers should be more efficient in dealing with one another, by being proactive on service related issues. AGEAC1 said that it is better for the banks to be more efficient by giving customers a standard format of what they want as a business plan, so as to avoid all further problems of wasting much time. AGEAC4, on the other hand believed that the most important and efficient way out for farmers is to have workable agricultural insurance cover, which mitigate risk of eventual circumstances. Furthermore, although insurance cover involves additional cost to the entrepreneur, it is important in access to bank loans. AGEAC5 expressed his hope that he is expecting banks to be up and doing by lending without collateral, or maybe by liaising with the government to do so. Finally, AGEAC6 said that the Jaiz bank managers are supposed to device a means to meet customer demands at all costs. Their recommendation for a way out of the challenges are summarised in figure 4.40 below.

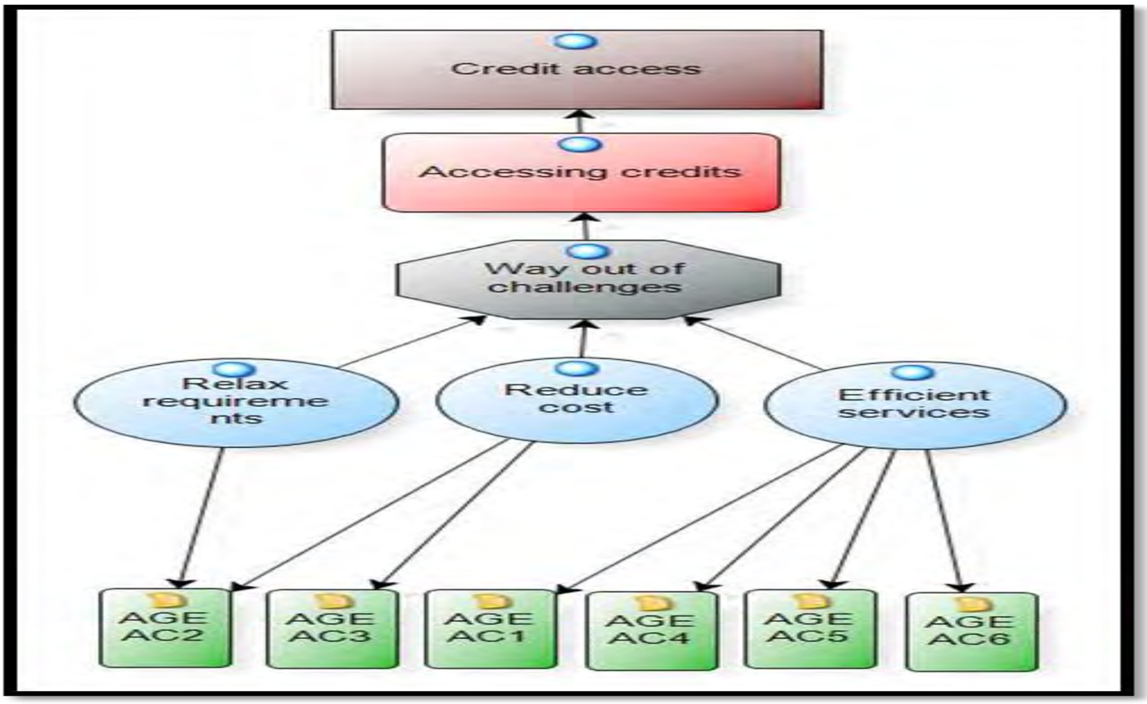

Figure 4.40

Way out of challenges in accessing credits

The six entrepreneurs with experience in accessing credit mentioned three types of challenges, which comprise banks' acceptance of their investment proposal as viable, cost of financial services, and difficulty to provide acceptable asset or person as a collateral or guarantor respectively. The three issues according to the entrepreneurs are the major challenges entrepreneurs are facing on the process of obtaining loans from banks. The study of Alabi, Lawal, and Chiogor, (2016), shows that, only 21% of small-scale entrepreneurs were accessing credit in Gwagwalada area council of Abuja. Whereas, Gwagwalada is an area council of the federal capital territory of Nigeria, a lot of farmers have awareness and education. This supports our findings, as well as EFInA's survey report (2014) findings that the majority of the excluded farmers are subsistence farmers living in more remote rural areas. However, small-scale entrepreneurs, have access to financial services. The findings also show that access to financing is associated with level of education and awareness, because most informants accessing credit have a better level of education and awareness of financial services. Despite the challenges of investment viability, cost of financing, and loan security, small agribusiness entrepreneurs with education and experience are accessing financing. Entrepreneurs accessing credit, like those not accessing credit, suggested that banks should reduce cost of financing, relax some stringent requirements, and be efficient in service's delivery, as the only way out to challenges in access to financing.

4.6.2.3 Account officers' effort on accessing credit/financing

All entrepreneurs having accounts were asked to assess the effort of their account officers towards accessing credit. It was realised that entrepreneurs see more effort on the part of their account officers when they get credit. Two entrepreneurs not accessing credit said their account officers are not making any effort to assist them get credit. AGEA1 said that he did not see any effort from the account officer. In fact, he doesn't even know who his account officer is. On a similar note, AGEA5 whose loan demand did not materialise said that the account officer just wasted his time, as the bank did not consider his request eventually.

AGEA3, AGEA6 and AGEAC3 confirm that little effort came from their account officers. They shared the opinion that account officers can give you loans only if you are too demanding and pursuing the loans. Otherwise, they just cannot give. They insisted that the account officer always asks you to exercise patience. AGEAC 3 added that account officers are sceptical of lending.

Seven, out of the twelve entrepreneurs having bank accounts have recommended the efforts of their account officers towards access to financing. Despite not getting credit, AGEA2 and AGEA4 recommended the effort of their account officers as doing their best, despite all the odds. AGEAC1 added that his account officer is hard working and doing his best, but sometimes superiors can bring problems. AGEAC2 and AGEAC4 commended their account officers as friendly and helpful, but they pay attention to details and are very careful on any issue that relates to his job. AGEAC5 expressed his view that his account officers' effort is commendable, since at last he is getting financing. Finally, AGEAC6 agreed that his account officer is doing his job well, and satisfactorily. Their responses are shown in figure 4.41 below.

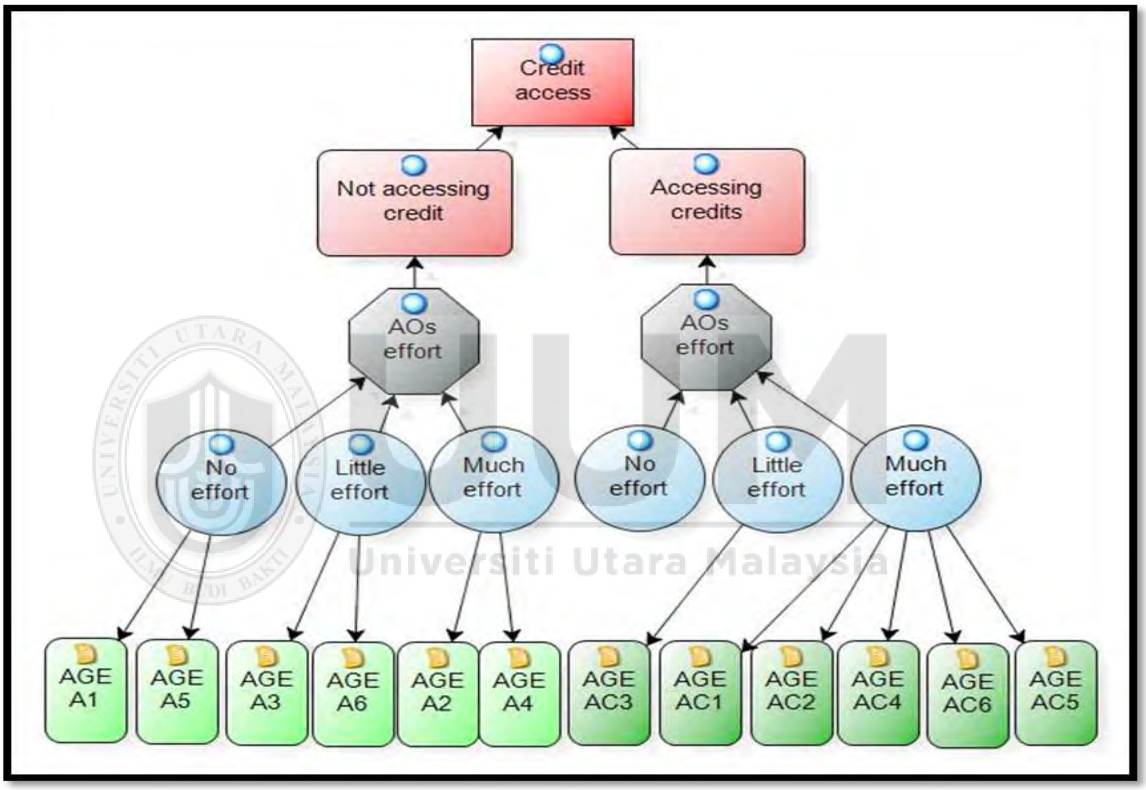

Figure 4.41
Perceived account officers' effort in access to credit

The majority of entrepreneurs having bank accounts appreciate the efforts of account officers in facilitating their financing request. Generally, entrepreneurs who obtain financing show a higher level of appreciation to account officers' efforts than entrepreneurs not accessing credit, which is connected to their level of satisfaction. Figure 4.42 below summarises the challenges associated with bank financing to small agribusiness entrepreneurs.

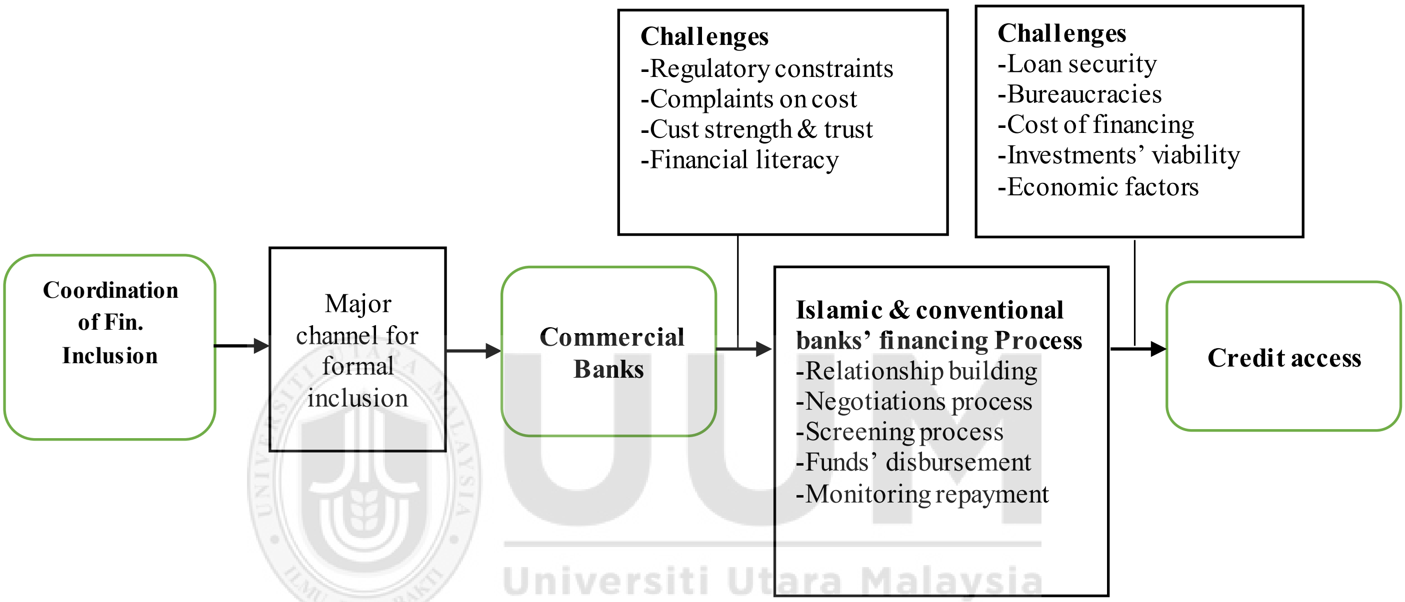

Figure 4.42
Challenges associated with bank financing to small agribusiness entrepreneurs

The first set of challenges above is from the perspective of commercial banks' account officers, while the second set of challenges is from the entrepreneurs' perspective.

4.6.3 Entrepreneurs' access to insurance and pension services

Insurance and pension are two products of financial inclusion obtainable outside banks. Although, this research is focusing on banking, but, because they are part of financial inclusion products, the researcher wishes to see if a relationship exists between pension and insurance in one hand, and bank inclusion on the other hand.

Below are interview findings in relation to access to insurance and pensions with all the agribusiness informants.

4.6.3.1 Access to insurance services

Insurance is a special arrangement where an organisation offers a guarantee to compensate the insured against a specific damage, loss, death, or any possible eventuality in exchange for premium payment. From the interview, some entrepreneurs are having insurance cover, while others do not have insurance cover. Even though most insurance subscriptions are vehicle insurances, they are registered as a legal requirement.

The responses of six informants show that, it is the law that compelled them to register for the vehicle third party insurance. None of the above entrepreneurs have a voluntary farm business insurance. AGEAC2 also said that he is compelled to insure his property to enable him to use the property's documents as collateral. AGEAC4 and AGEAC6 also insure fingerlings for three months to the maturity period and animal feed transportation, respectively.

Seven (7) entrepreneurs do not have any form of insurance cover. Their responses show that, most of them don't know how it works, while others don't have a vehicle to be insured. AGENA4 added that, his vehicle's insurance cover has expired. Figure 4.43 below, shows that only three entrepreneurs (AGEAC 2, AGEAC4 & AGEAC6) subscribed to farm insurance.

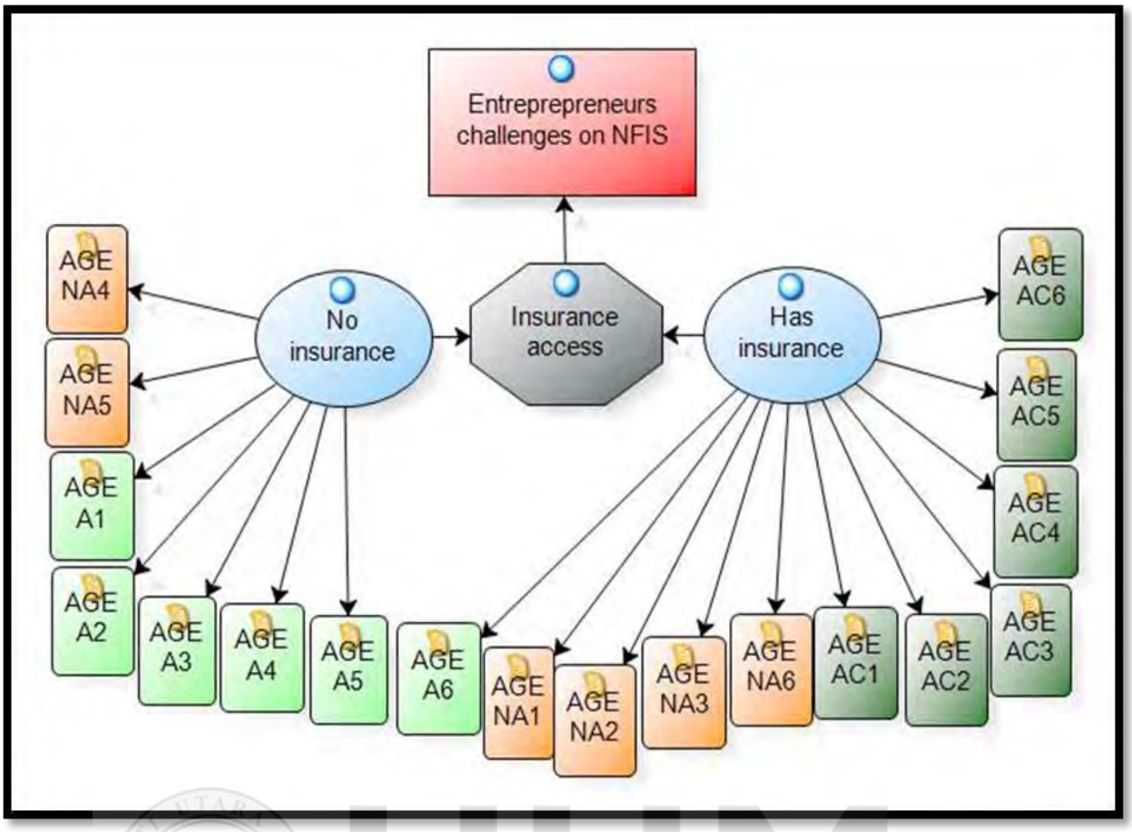

Figure 4.43
Access to Insurance by entrepreneurs

4.6.3.2 Access to pension services

Access to pension services here refers to an entrepreneur having a contributory pension account with any pension funds administrator during his working time for future regular income after his retirement from active service. This could be because of old age or disability. The essence of discussion about access to pension is to assess the entrepreneurs' extent of inclusion outside banking, and to see its relationship with access to bank accounts and credit.

The only two (2) entrepreneurs having pension accounts are AGEAC3 and AGEAC5. They were enrolled because they work with corporate organisations. Their enrolment into the pension scheme has nothing to do with their agribusiness activities. The remaining sixteen (16) entrepreneurs do not have a pension account. This is justified by the absence of any pension scheme for small-scale entrepreneurs. Most of the entrepreneurs understand pension only as a benefit accrued to government workers that is payable after retirement. Entrepreneurs' responses in figure 4.44 below shows that, only two entrepreneurs (AGEAC3 and AGEAC5) have pension accounts, because they work with corporate organisations and were enrolled into the new pension scheme.

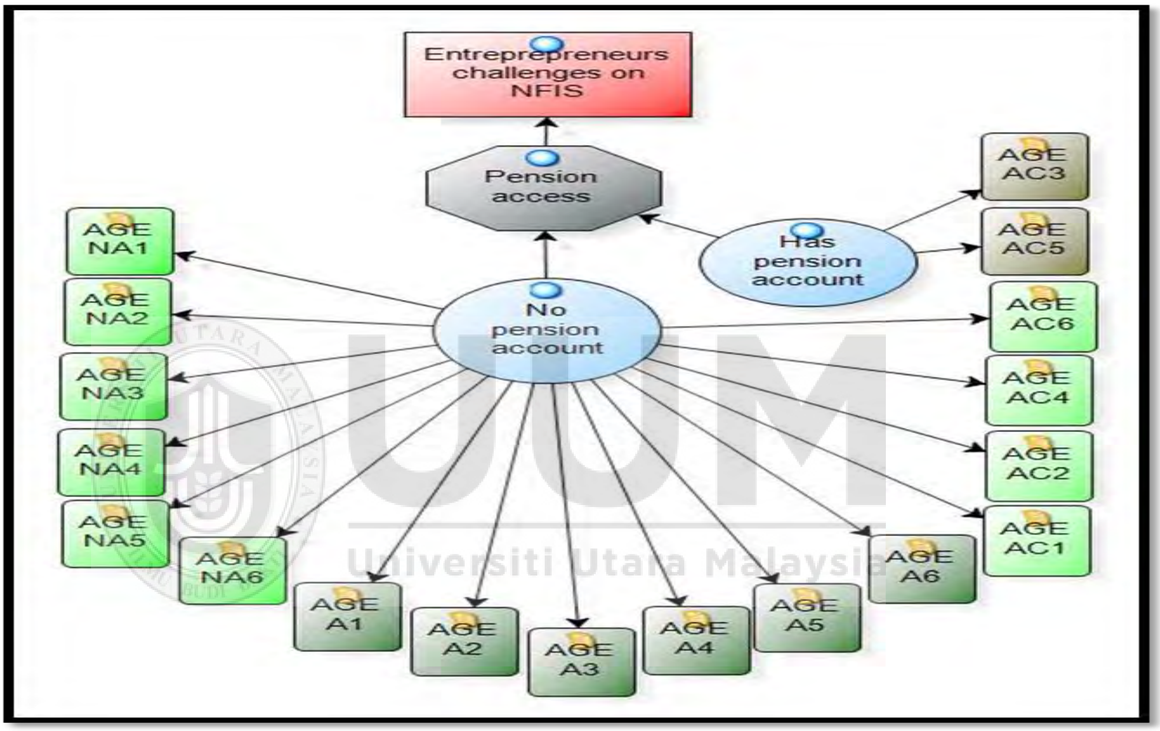

Figure 4.44

Access to pension by entrepreneurs

4.6.3.3 Challenges of entrepreneurs in access to insurance and pension services

Insurance and pension services are more popular among banked entrepreneurs than unbanked entrepreneurs. Even among the banked entrepreneurs, those accessing credit have more awareness of the services and more patronage of insurance and pension than entrepreneurs without access to credit.

Eleven (11) out of eighteen (18) entrepreneurs have access to insurance services. Out of the eleven (11) agribusiness entrepreneurs who have insurance services, only three entrepreneurs (AGEAC 2, 4, and 6) have insurance services related to agribusiness activities. The rest of the eight (8) entrepreneurs have only car insurance, and are subscribers of necessity, because law compels them to subscribe at least third-party car insurance cover. They do not subscribe for holistic business relationships. None of the farmers has life insurance cover. The majority of the entrepreneurs do not even know how insurance works. Furthermore, they do not have a positive attitude and perception towards life insurance cover, while some even see it as un-Islamic. It can be said that even the three entrepreneurs (AGEAC 2, 4, and 6) who have insurance services related to agribusiness activities are subscribers by necessity because, they subscribed to the insurance services as a requirement to obtain bank financing.

The contributory pension scheme, on the other hand, became popular only recently among the federal government workers and some corporate organisations' workers, following the establishment of the new pension act in 2004. Under the provisions of the 'Pension Reforms Act 2004', the law requires all employees of government and corporate organisations to be registered under the scheme by saving the employees' monthly pension contribution with pension funds administrators of their choice. By this necessity, it is expected that workers have contributory pension account managed by the PFA of their choice.

The only two entrepreneurs (AGEAC 3 and 5) who have pension accounts are agribusiness entrepreneurs who are also working as employees of other institutions. This is because pension services are only available to workers in some public and private institutions. At the time this research is conducted, there is no social pension extended to farmers in Nigeria. This may be the reason for the low level of understanding and awareness of how pension services work among small-scale agribusiness entrepreneurs.

Only two participants (AGEAC 3 and AGEAC5) who have pensions accounts with pensions fund administrators belong to the working class (working with government or private institutions). They have retirement savings (pension) account. The two participants do not rely completely on the agribusiness entrepreneurship as their only source of income. They use farming as a channel to invest their savings, complement their income and prepare to engage themselves after retirement or in case they eventually quit their current job.

Entrepreneurs, who rely on farming only or engage in farming and other local businesses do not register themselves to any pension funds contribution. This is largely due to the absence of awareness and opportunity to do so, as well as a poor attitude towards the contributory pension scheme. Besides, pension funds administrators and PenCom (NPC) are not fully incorporating private individuals into the pension scheme.

None of the agribusiness entrepreneurs pay pension contribution on behalf of their staff, as required by law, although, they do not have permanent staff. The law requires that registered businesses should pay pensions to their permanent staff. However, only two agribusiness entrepreneurs were registered with SMEDAN.

Eleven (11) out of the eighteen (18) entrepreneurs who have access to insurance, are having only a third-party car insurance, and most of them registered insurance as a policy cover required by law (Motor Third-Party Insurance Section 68 of the Insurance Act and Section 3 of the Motor Vehicle (Third Party) Insurance Act, 2003). However, they were not even aware of it as an insurance policy.

Only AGEAC 2, 4, & 6 have farm insurance. AGEAC4 indicated that, an insurance broker sold the policy to him and he accepted the cover due to the negligible amount he pays as premium. However, he is benefitting from the insurance, as he fulfils a requirement to obtain bank loans. AGEAC 2 & 6 also subscribed to the insurance cover to get requirements for loans. Table 4.6 and Figure 4.45 below shows the relationship of entrepreneurs' access to insurance and pension based on their bank account status.

Table 4.6

Entrepreneurs' access to Insurance and Pension services by their banking status

Access	Banking status	Insurance	Pension
Have access	Unbanked	4	0
	Banked	1	0
	Banked with Credits	6	2
Never accessed	Unbanked	2	6
	Banked	5	6
	Banked with Credits	0	4

Figure 4.45 below represent the distribution of entrepreneurs' access to insurance and pension as shown in table 4.6 above.

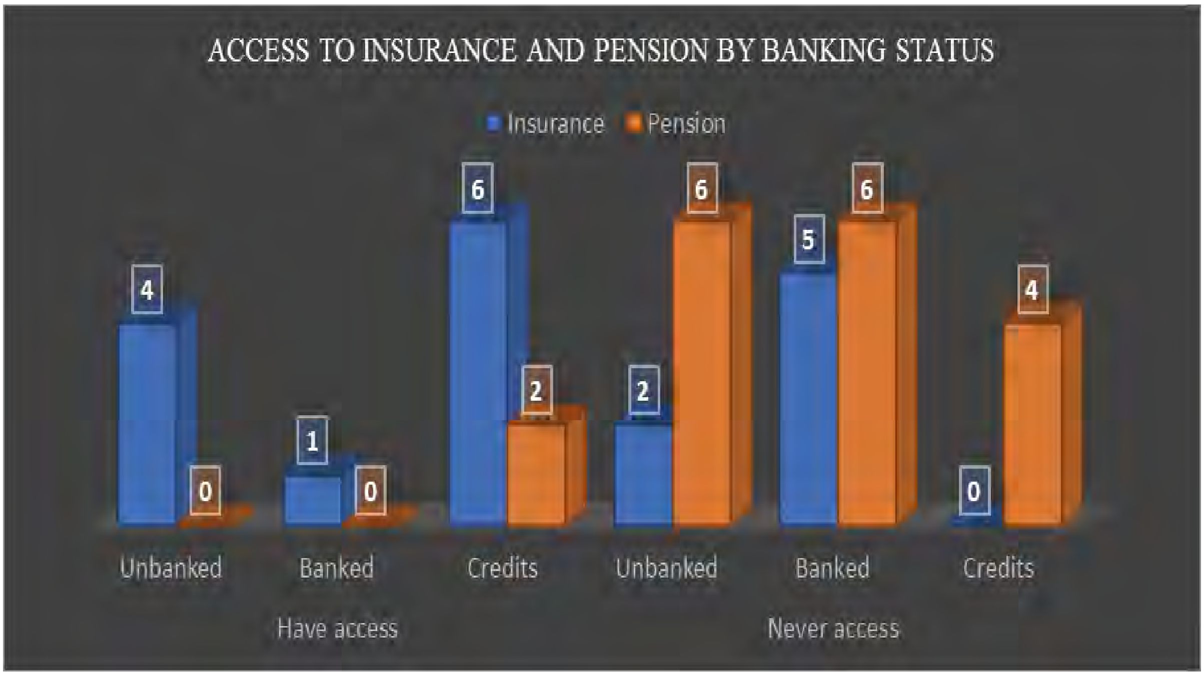

Figure 4.45

Entrepreneurs' access to Insurance and Pension services by their banking status

It is realised that the low patronage to agribusiness insurance and pension services are influenced by challenges associated with the insurance and pension practices, as well as the entrepreneurs' access to banking services and financial literacy. Figure 4.46 below shows the relationship of non-bank financial inclusion efforts to Nigerian adults and how insurance and pension services increases non-bank inclusion. However, it is found that access to bank inclusion and financial literacy are major intervening variables affecting access to insurance and pension services in Nigeria.

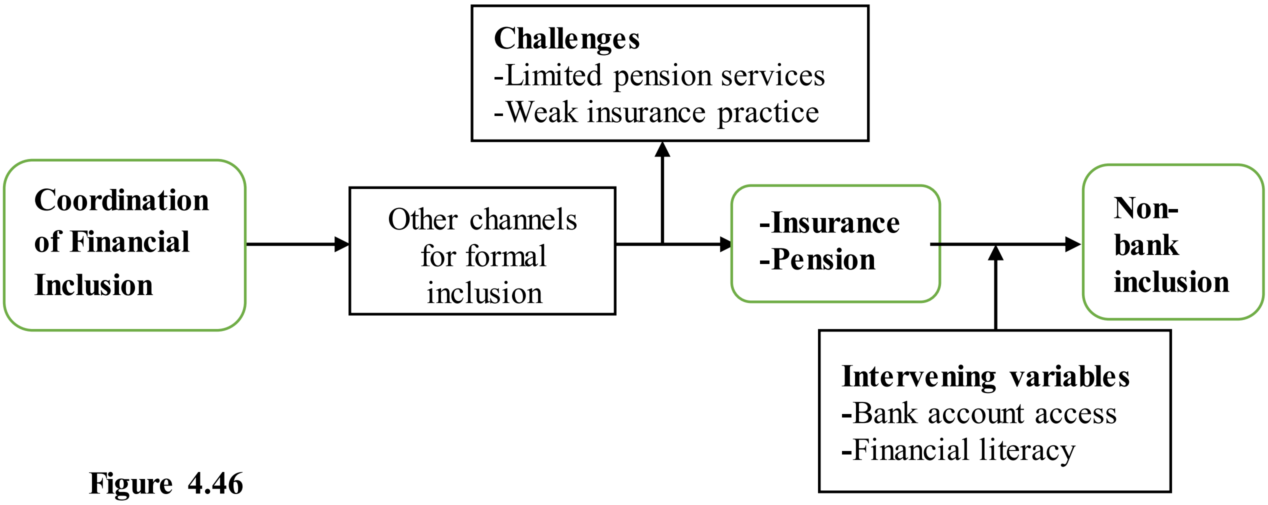

Figure 4.46

Challenges of access to insurance and pension services to entrepreneurs

The effect of bank inclusion and financial literacy on access to insurance and pension services can be justified by the relationship of access to insurance and pension by banking status and financial literacy.

4.6.4 Entrepreneurs challenges on consumer protection by bankers

Consumer protection here means a set of statutory activities designed to protect consumers of financial services. Establishing effective mechanisms to protect consumers is one of the fundamental necessities to ensure effective and efficient access and use of financial services. Therefore, consumer protection by financial institutions is one of the basic requirements of financial inclusion. In this section, banked entrepreneurs express how they understand their rights, privileges, grievances, need for protection, seeking redress, and effort of banks towards protecting their interest as shown in Figure 4.47 below.

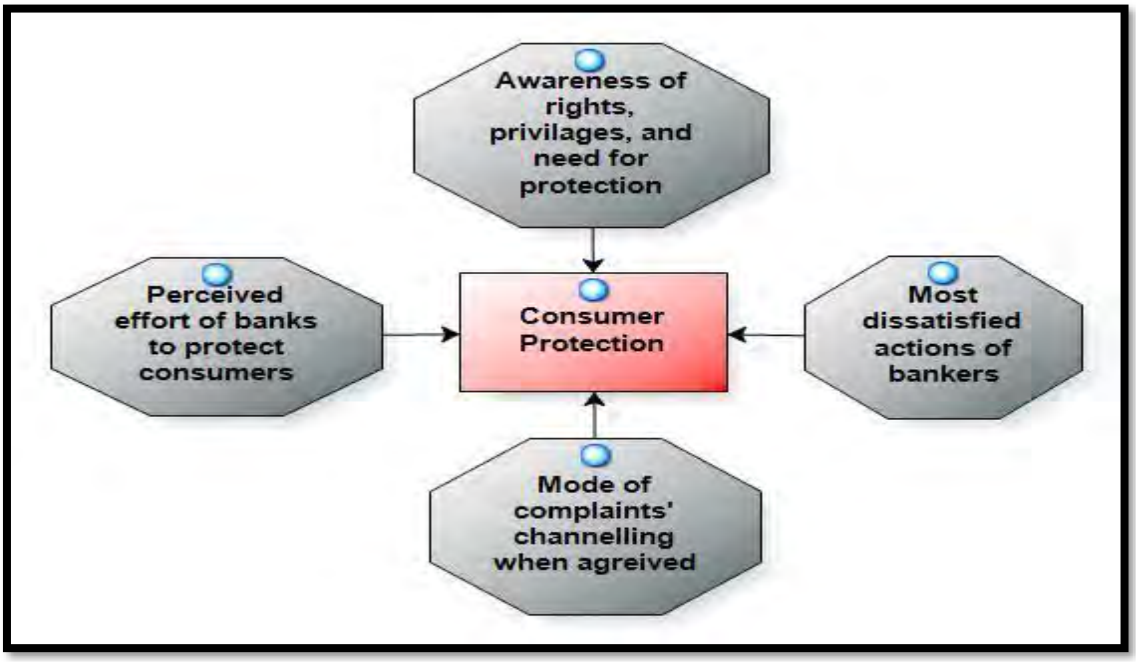

Figure 4.47

Consumer protection of small agribusiness entrepreneurs by bankers

Only entrepreneurs with bank account were selected in this section because, entrepreneurs can be protected under consumer protection act of CBN only if they are consumers of financial services. Below are the findings in interviews with small-scale agribusiness entrepreneurs who have bank accounts, based on the subthemes above.

4.6.4.1 Entrepreneurs' awareness of rights, privileges, and need for protection

Entrepreneurs stated their understanding of consumer rights and need for protection in the banking relationship. Entrepreneurs' responses show that they have little understanding of how consumer protection works. This is evident from the responses of the six (6) entrepreneurs above. It is also evident that, knowledge of consumer protection relates with both level of education and level of financial inclusion. This is because most entrepreneurs who have a knowledge of consumer protection have a better level of education, and most of them are accessing credit.

The responses of the three entrepreneurs (AGEA1, AGEA4, & AGEA6) not accessing credit shows that they know nothing about consumer protection framework, because they emphasized on the privilege to get credit services. On the other hand, the responses of six entrepreneurs (AGEA2, AGEA3, AGEA5, AGEAC1, AGEAC2, and AGEAC6) shows that they know little about the consumer protection framework because their responses emphasise on not being cheated by financial institutions. They defined bank charges as cheating. Only AGEA5 considers the right to confidentiality as consumer protection.

The responses of the remaining three (3) entrepreneurs (AGEAC3, AGEAC4, and AGEAC5) accessing credit show that they know much about their rights and need for protection. These entrepreneurs mentioned secrecy, fair hearing, openness, and conflict resolution as issues of consumer protection requirements. Their responses are divided into three categories which is based on their knowledge of consumer protection, as shown in figure 4.48 below.

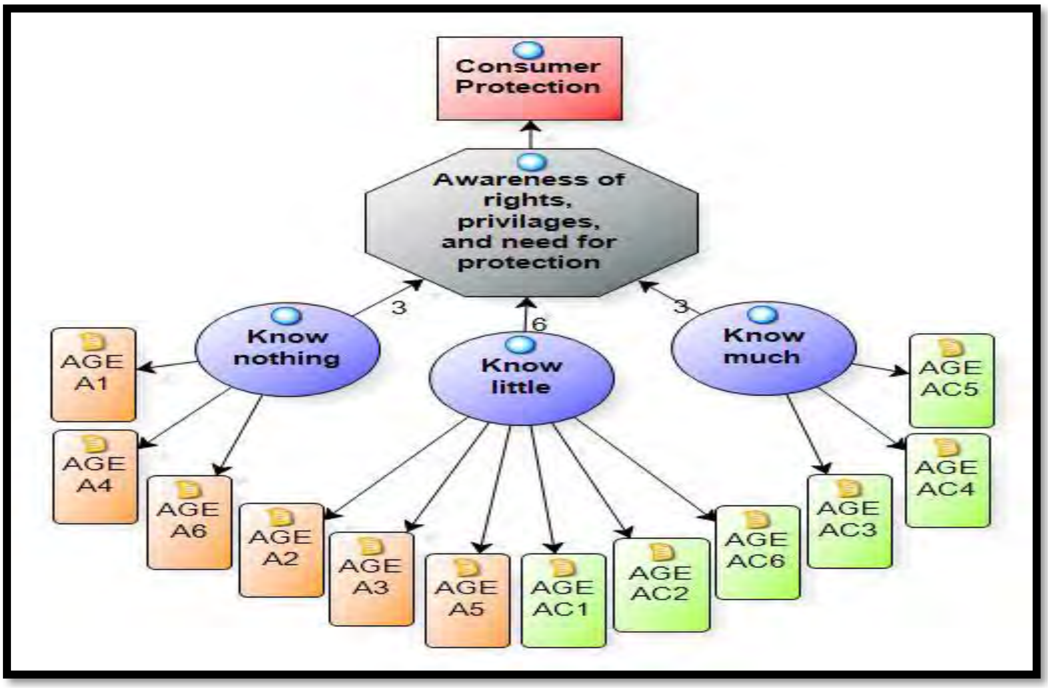

Figure 4.48: Awareness of rights, privileges, and need for protection

4.6.4.2 Areas of entrepreneurs' dissatisfaction in banking relationship

To support and verify the above question, entrepreneurs were asked if they ever observed any action by bankers, which they didn't like or disapproved. Their responses show that, cost of financial services in the form of bank charges, queues, and delays, as well as bureaucracies and too many investigations are the major cause of dissatisfaction in the banking relationship.

Seven (7) entrepreneurs mentioned issues related to bank charges as major area of their dissatisfaction. While two entrepreneurs complained of queues and delays while waiting at service points, the remaining three (3) entrepreneurs mentioned bureaucracies as the only problem causing their dissatisfaction. Additionally, the high cost of services and unnecessary deductions from customers' account is related to a lack of fairness, but the two issues of service delivery (delays and bureaucracies) do not infringe on consumer rights. The responses are shown in figure 4.49 below:

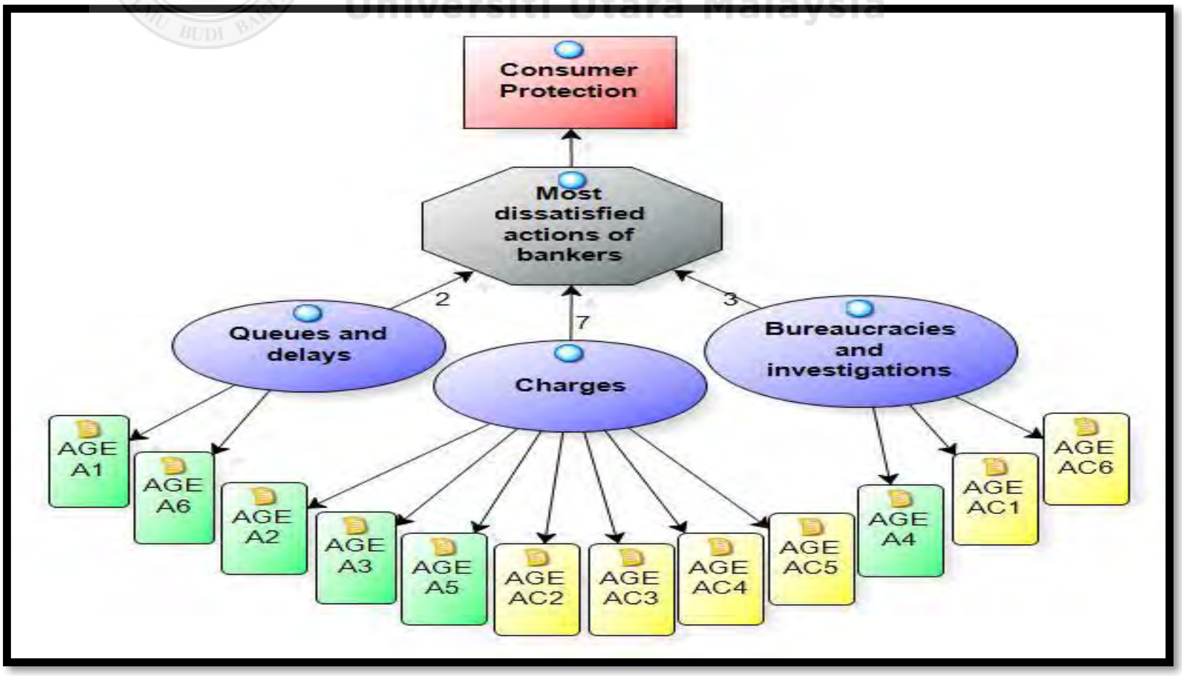

Figure 4.49

Most dissatisfied actions of bankers

4.6.4.3 How entrepreneurs channel complaints when aggrieved

Entrepreneurs also stated their preferred mode of channelling complaints when they are aggrieved. The entrepreneurs show that the best way to seek redress when aggrieved is to channel their complaints internally to the bank account officer or branch manager. However, others prefer to call customer care line of the head office or complain to CBN's consumer protection unit.

The majority of the entrepreneurs (8) mentioned that they channel complains internally through the account officer or branch manager, when aggrieved. Only two (2) entrepreneurs (AGEAC 3 & AGEAC5) mentioned that a customer can go to the CBN branch office to complaint against his bank. Although, they never channel complains to CBN, they are aware of the CBN's consumer protection department. The other two entrepreneurs (AGEA5 and AGEAC1) said that they can call the head office through customer care line if they have any complaints against their bank. The responses are shown in figure 4.50 below.

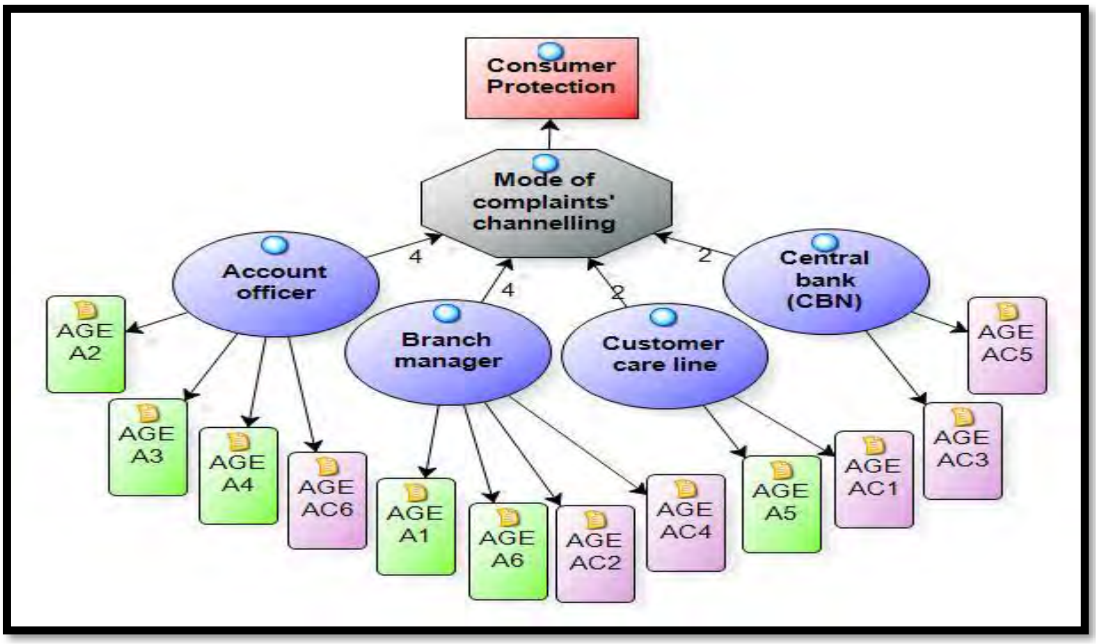

Figure 4.50: Preferred mode of channelling complaints when aggrieved

4.6.4.4 Entrepreneurs' perceived effort of banks towards protecting consumers

Entrepreneurs expressed their perception on banks' effort towards protecting consumers. Five (5) entrepreneurs (AGEA2, AGEA5, AGEAC1, AGEAC3, & AGEAC5) indicated that banks are putting much effort to protect their interest. The other five (5) entrepreneurs (AGEA1 & AGEA3, AGEAC2, AGEAC4, and AGEAC6) acknowledged that banks put in a little effort towards protecting the interest of entrepreneurs. Only two (2) entrepreneurs (AGEA4 & AGEA6) indicated that banks do nothing for consumer protection of their small-scale customers. However, the two entrepreneurs (AGEA4 & AGEA6) are among those who know nothing about consumer protection in the preceding question about their awareness of consumer rights and privileges above. The responses in figure 4.51 shown that, the banks' effort towards consumer protection is commendable.

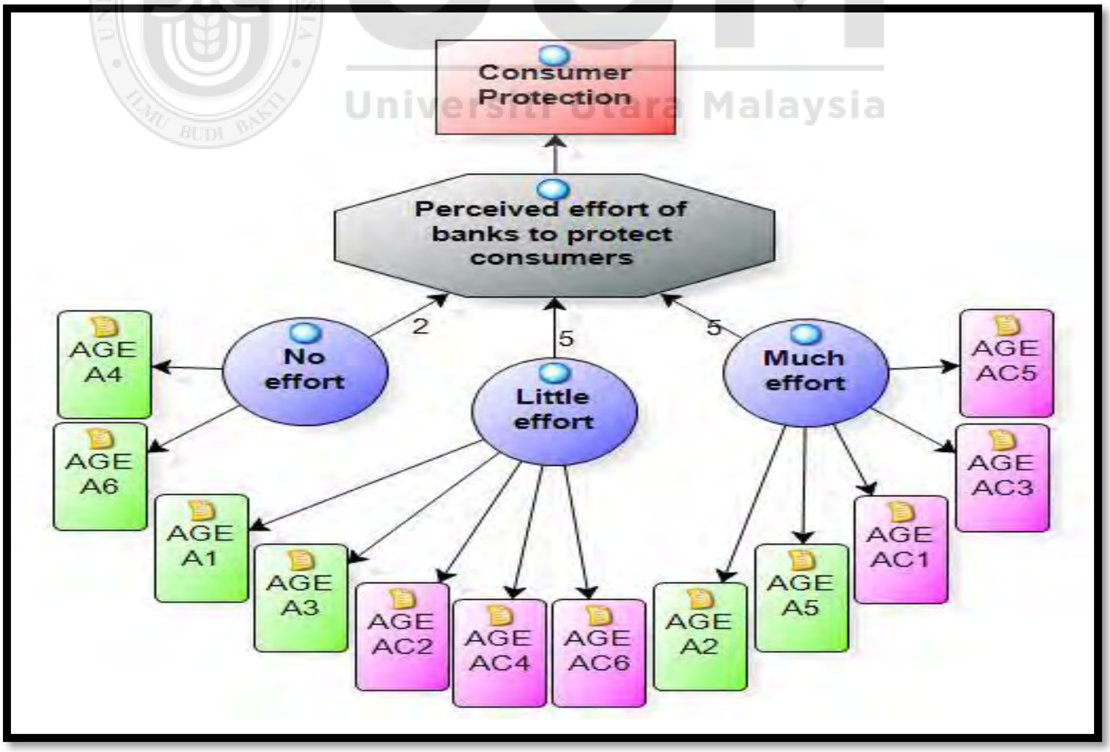

Figure 4.51

Perceived effort of banks to protect consumers

There is little awareness of consumer rights among small agribusiness entrepreneurs. However, the awareness level is found to be associated with the level of education, and there is a difference noticed between entrepreneurs' accessing credit and those not accessing credit in relation to awareness of rights and satisfaction on banks' consumer protection practices. Therefore, entrepreneurs accessing credit have better knowledge of consumer protection.

The majority (7) of banked entrepreneurs show displeasure regarding enormous bank charges and deductions in their banking relationship. Entrepreneurs consider these charges as unfair. Furthermore, other entrepreneurs disapproved delays in queues and bank bureaucracies at service points, although delays and bureaucracies are related to service inefficiency, not consumer rights.

Most of the entrepreneurs recognised internal mechanisms to settle disputes. They only call banks' branches and customer care line to channel their complaints when aggrieved, except for two (2) entrepreneurs who recognised the CBN customer complaints department. The majority of the entrepreneurs are not even aware that a department in CBN exists, where they can channel complaints if aggrieved. However, entrepreneurs show appreciable levels of bankers' efforts to protect customer's rights and make them happy. The appreciable level of perceived effort of banks in consumer protection may be associated with their low level of understanding components of consumer protection.

4.6.5 Entrepreneurs' challenges on financial literacy

Financial literacy refers to knowledge and awareness of how to use financial services. The financial literacy framework is one of the requirements that influence access to and usage of financial services. In this section, the researcher sought informants' understanding of some financial terms to ascertain their level of financial literacy. The financial service terms were selected due to their relevance in this research. Therefore, the researcher intends to compare level of financial literacy and access to banking and credit services.

The researcher assessed the level of financial literacy of the informants (entrepreneurs) as those who 'know nothing', 'know little' and 'know much', based on their responses. Their responses (knowledge of financial terms) are restricted to a simple understanding and not from technical perspective. The areas in which the discussions were made are knowledge of account documentation, electronic payment terminals, bank loans, insurance, pension, Islamic banking system, banking regulations, and how to make informed financial decisions, as shown in figure 4.52 below.

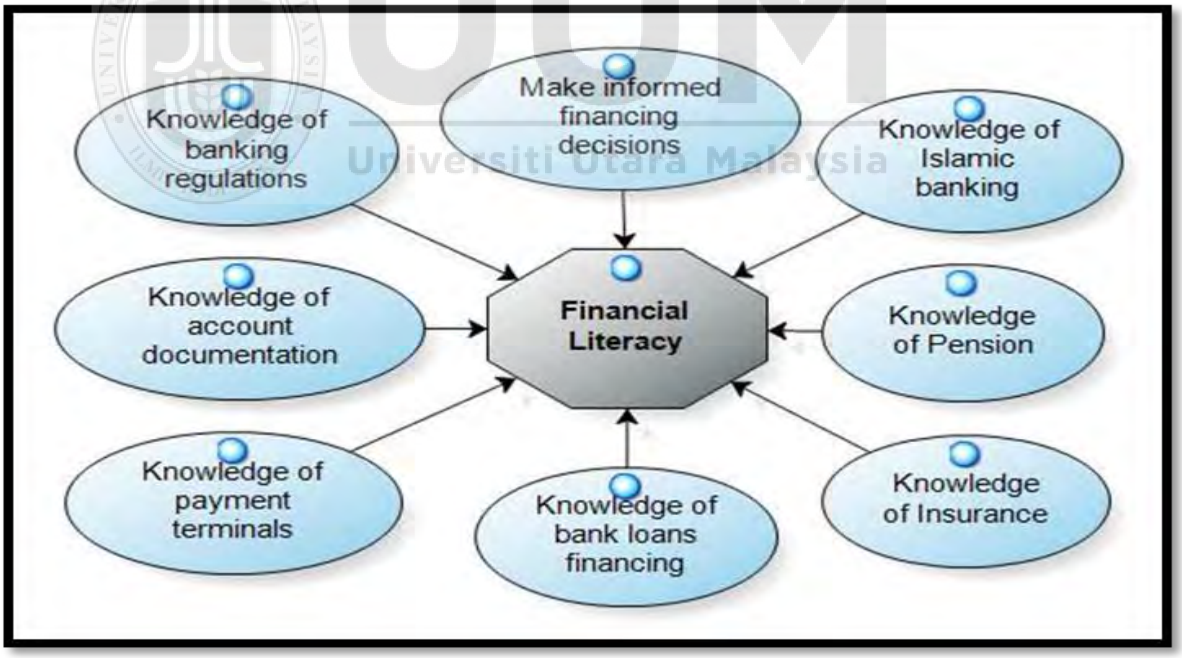

Figure 4.52

Entrepreneurs' challenges of financial literacy

The responses of the entrepreneurs on the above sub-subthemes were discussed below, and subsequently, the responses on financial literacy were compared based on the informant's banking status, to ascertain financial literacy by banking status.

4.6.5.1 Knowledge of account documentation

Informants express what they know about account documentation requirements for opening an account, and financing. Four (4) entrepreneurs knew nothing about account documentation requirements, although, they are all unbanked. Besides, they show less interest in banking services. From their responses, AGENA1 and AGENA 4 confessed that they knew nothing about bank account documentation, while AGENA5 and AGENA6 added that they don't even want to know what it is for now.

Three (3) informants who knew little about account documentation are AGENA2, AGENA3, and AGEA1. The entrepreneurs mentioned only passport photograph, means of identification and verifiable address as account documentation requirements. Even AGEA 1, who has an account, did not mention other documentation requirements. None of the three entrepreneurs mentioned requirements for loans and corporate account opening.

The majority of the informants (eight) who have bank accounts know much about account documentation. AGEA2 and AGEA3 mentioned documentation requirements as presentation of original copies credentials and authentic and verifiable address of a customer, to avoid impersonation by fraudsters. AGEA4 added referees or guarantors to the list. Likewise, AGEA5 and AGEA6 added the utility bill, certificates of ownership, and insurance cover as part of documentation requirements. All informants accessing credit (AGEAC1, AGEAC2, AGEAC3, AGEAC4, AGEAC5 and AGEAC6) show a better understanding of account documentation requirements. They virtually mentioned all credentials, referees, guarantors, certificates, and many other formalities required to open a personal bank account, corporate account, and credit account. Figure 4.53 below shows the pattern of the informants' responses based on the informant's banking status, as indicated by informants' nodes.

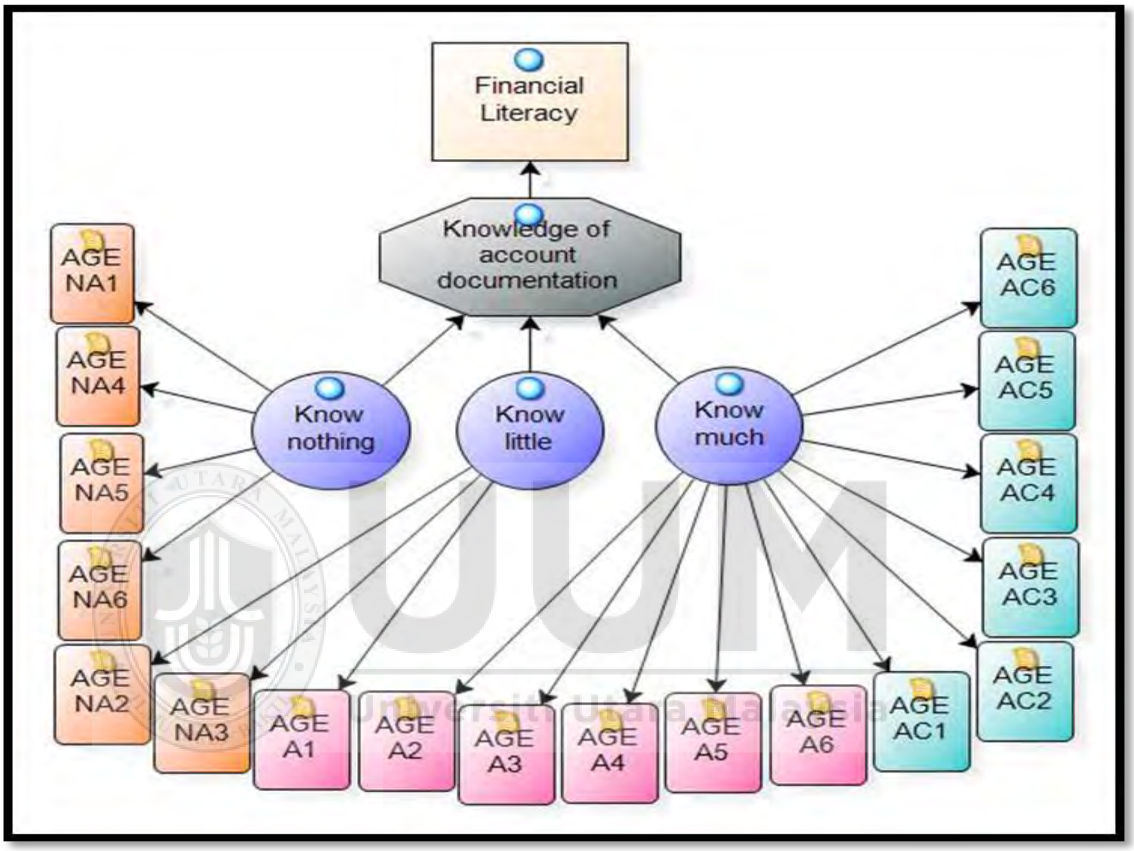

Figure 4.53
Knowledge of bank account documentation

4.6.5.2 Knowledge about electronic payment terminals

Electronic payment terminals are channels of delivering financial services like ATMs, POS, internet, and mobile banking. Knowledge of electronic payment system terminals is also a good predictor of financial literacy. In this study, all informants express what they know about payment terminals.

Only two (2) unbanked entrepreneurs (AGENA4 and AGENA6) have no knowledge of electronic payment terminals and how they work. This is understood from their response that they don’t know anything about the terminals.

Six (6) entrepreneurs have little knowledge of how payment terminals work. This is shown in their responses, where AGENA1 and AGENA5 said they are machines that dispense cash to card holders. AGENA2 and AGENA3 added that they are modern ways of withdrawal and payments to sellers. On the other hand, AGEA4 and AGEA5 are card holders who know about the terminals but only know how to use ATMs.

The remaining ten (10) entrepreneurs consisting of one unbanked, three banked entrepreneurs and all the six entrepreneurs accessing credit, know relatively much about payment terminals. From their responses, the entrepreneurs know much about the terminals, their features, how they work and their differences. Although, their responses vary, they show better understanding of the terminals compared to the remaining informants.

Figure 4.54 below shows that there is much knowledge about payment system terminals like ATM, POS, internet, and mobile banking among small-scale entrepreneurs. Although, many entrepreneurs are not using the terminals, they know much about them, and the knowledge of the payment terminals is related to access to banking services, as shown in their responses in Figure 4.54 below.

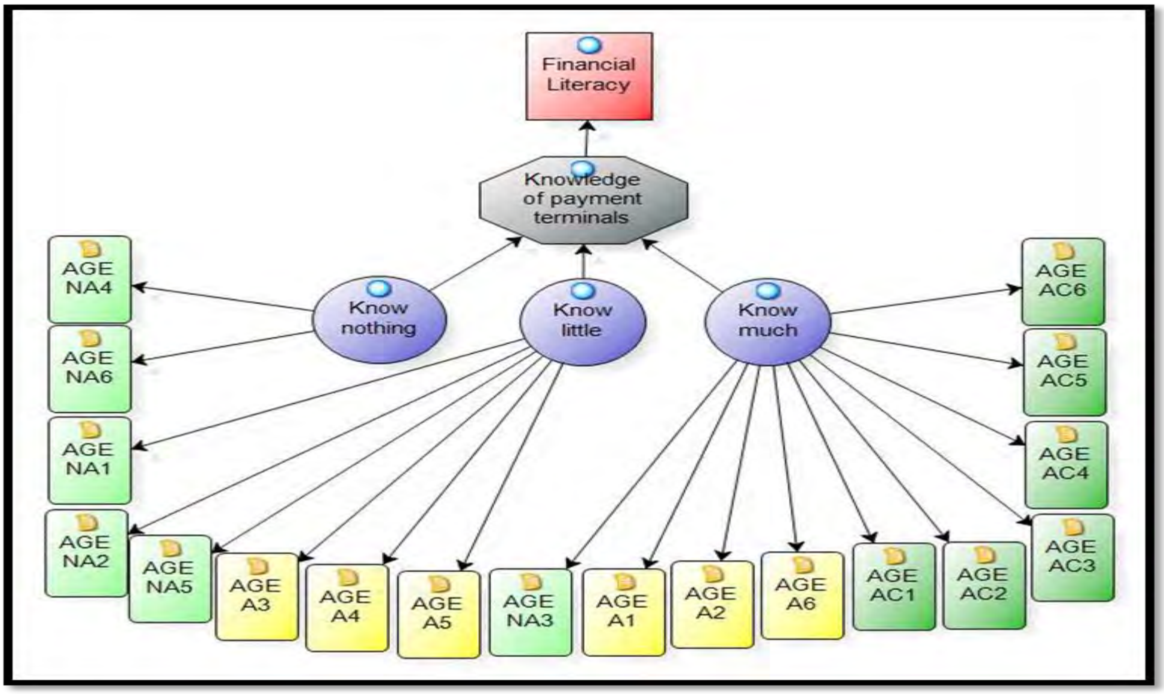

Figure 4.54

Entrepreneurs' knowledge of Payment terminals

4.6.5.3 Knowledge about Bank loans

Bank loans here refer to financing services to customers. Knowledge of bank loans is also considered as a determinant of the extent of financial literacy. Entrepreneurs express what they know about bank loans, requirements for bank loans and processes of obtaining bank loans.

Responses from four entrepreneurs (AGENA3, AGENA4, AGENA5, and AGEA3) show that they have no knowledge of how bank lending takes place. Most of them understand loans in its literal meaning, but they don't know how it works. Although, they know that giving loans is one of the functions of the banks, none of them ever attempted applying for bank loans.

The majority of responses from nine (9) entrepreneurs show that, they know little about credit from banks. AGENA1, AGENA2, and AGEA1 mentioned collateral and banking relationship as imperative to bank lending. AGEA2 added that lending is the most difficult aspect of the banking business. AGEA5 distinguished loans in terms of Islam and non-Islamic bank loans. In addition to this, AGEA6 emphasized the difficulty and requirements to obtain a loan. Even though AGEAC3 and AGEAC6 mentioned that they have access to credit, their responses show that they know little about credit matters in the bank. They responded to it as getting money from banks only. AGENA6 understands of loans as a process of banks giving money to people for some years or months, and they repay the principal amount with interest later.

Five (5) entrepreneurs that have a better knowledge of bank credit responded with better information about bank loans. They have knowledge of bank loans because they are beneficiaries of bank lending, except AGEA4 who applied for loans previously. Their responses show a better understanding of bank loans because they mentioned loan requirements and challenges associated to bank loans. Responses from entrepreneurs show that there is little knowledge of bank loans, as presented in figure 4.55 below:

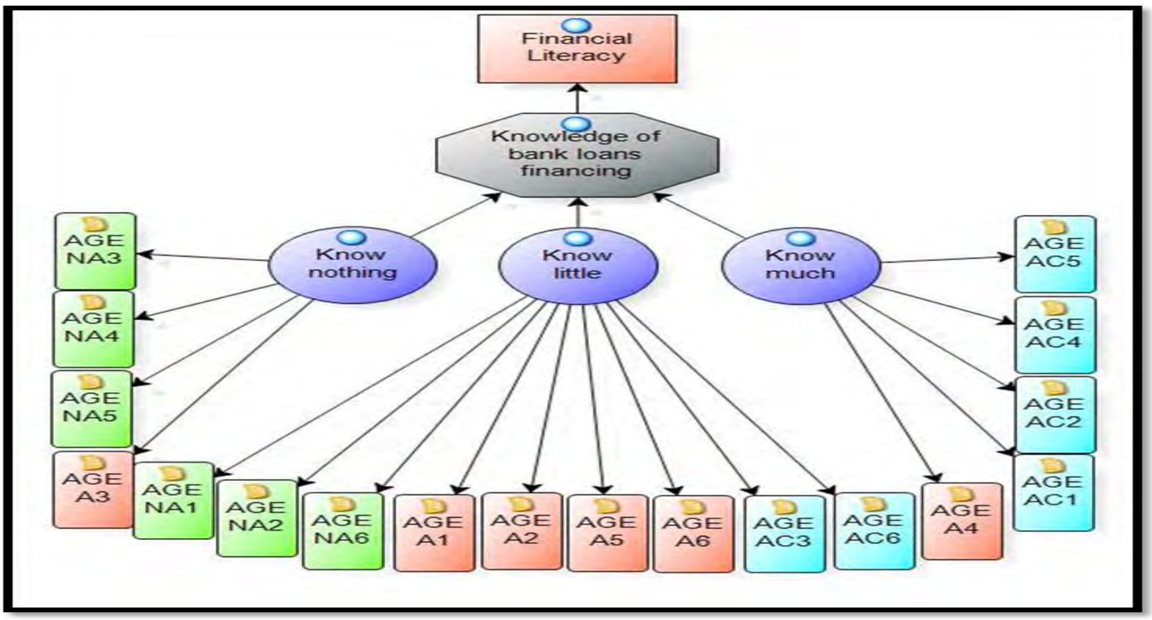

Figure 4.55: Entrepreneurs knowledge of bank credits

4.6.5.4 Knowledge about Insurance services

Knowledge about insurance services refers to an understanding of how insurance policy works for the benefit of the insured. Although, the majority (eleven) of the informants have insurance services, only two entrepreneurs have insurance services related to their farming business. The remaining nine (9) have the vehicle insurance, registered by necessity. Therefore, it is important to explore the extent of entrepreneurs' knowledge of insurance services. Their responses show that entrepreneurs with bank accounts have more knowledge of insurance services than unbanked entrepreneurs. Even among the bank entrepreneurs, those entrepreneurs accessing credit have a better understanding of insurance services and how it works.

AGEA5 is the only account holder who knows nothing about the insurance service, but the remaining four are unbanked entrepreneurs. Among the unbanked entrepreneurs, there are subscribers of third-party vehicle insurance, but know nothing about insurance policies.

AGEA1, AGEA6, and AGEAC1 only know about health insurance and the third party vehicle insurance as the only forms of insurance cover, and their premium payments. In comparison, AGEAC5, AGENA3 and AGENA6 understand insurance as a hedge against future eventualities but relate insurance to gambling.

Seven (7) entrepreneurs know about insurance and how it operates. Most of the seven informants distinguish between third party and comprehensive insurance cover. While only two farmers have agribusiness related insurance cover, the rest have vehicle insurance. From their responses, they have a better understanding of insurance premium, indemnity, and other claims. Figure 4.56 below shows the pattern of entrepreneurs' knowledge of insurance services.

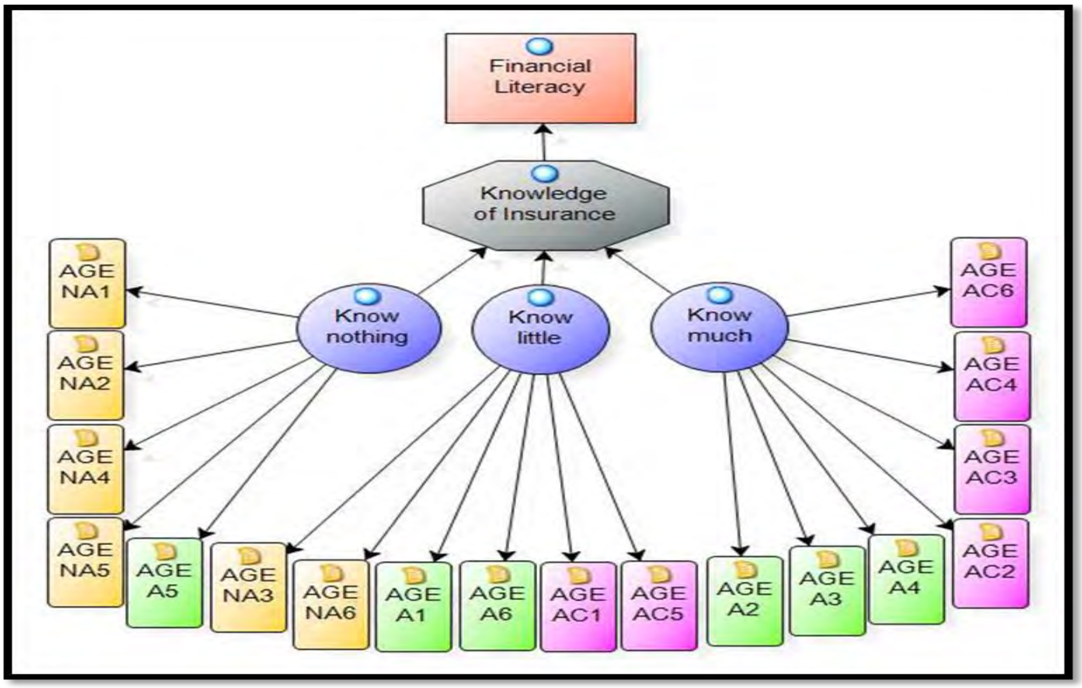

Figure 4.56

Entrepreneurs knowledge of insurance

4.6.5.5 Knowledge about Pension services

Knowledge about pension services refers to small agribusiness' understanding of how pension funds contribution policy works for the benefit of contributors. Entrepreneur's knowledge of pension service is little compared to knowledge of insurance.

Among the entrepreneurs who know nothing about pension are AGENA4 and AGEAC2 who confessed that they know nothing about pension services. AGENA2 and AGENA3 said that they are just hearing about it, as it relates to government workers, but do not know how it works. The majority (11 out of 18) have little knowledge of pension services in relation to government workers who receive monthly pension benefits after retirement. They do not know anything about the new pension scheme, notwithstanding of whether they are eligible to be enrolled or not. Their responses also show that although they know nothing about the new pension scheme, but for certain, it is seen as something designed to help workers, not farmers.

Meanwhile, some of the informants mentioned pension contribution as a way of saving for the future.

Three informants have a better understanding of pension services, where AGEA2 mentioned it as a compulsory savings for employees by their employers, for the benefits of old age or disability. On a positive note, AGEA3 added that “the new pension scheme requires contribution into workers’ pension savings account for old age, mostly for workers of government or companies”. AGEAC4 also described pension as a security for old age to employees who save part of their income in pension account. Figure 4.57 below shows that only one banked and three unbanked entrepreneurs have no knowledge of pension services, and a majority of the entrepreneurs (11) have a little knowledge of pension, but, there are other (three) banked entrepreneurs who know much about pension services.

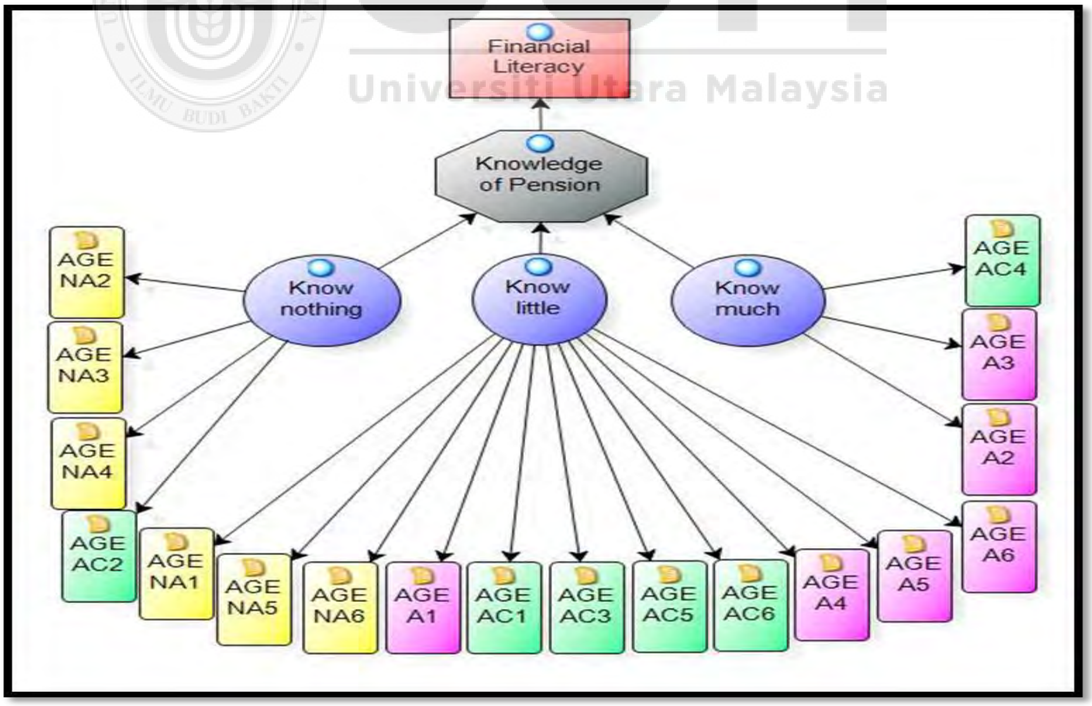

Figure 4.57

Entrepreneurs' knowledge of Pension

4.6.5.6 Knowledge about Islamic banking

Knowledge of Islamic banking refers to the entrepreneurs' understanding of how Islamic banking works, particularly from the religious perspective. The only two unbanked entrepreneurs (AGENA4 and AGENA6) who knew nothing about Islamic banking have tried to say something, but they don't know how the banking system operates. However, they know it relates to Islamic principles of doing business.

AGENA1, AGENA2, AGENA3, and AGENA 5, are among unbanked entrepreneurs who have little knowledge of how Islamic banking works. This is evident because they mentioned Islamic banking as doing banking business transactions without interest. AGEA1 and AGEA5 added that Islamic banking systems always comply with the teachings of Islam and are supposed to be compassionate to customers. AGEAC1 also added that it is a banking system without exploitation. AGEAC2 and AGEAC5, on the other hand, mentioned profit sharing instead of interest charges. Expressing a somewhat similar view, AGEAC4 knew it as interest-free banking, in accordance with Islamic laws.

Among the five entrepreneurs who know much about Islamic banking are AGEA2 and AGEA3, who mentioned banking without interest on loans or deposits, ethically share benefits, and *Shari'ah* as its guiding principles. AGEA4 added that *ALLAH* cautioned Muslims about interest, and they should not invest in *Haram* (illegal) ways, and a Muslim is expected to do everything based on Islamic law. Interestingly, AGEAC3 and AGEA6 mentioned some Islamic banking products like *Murabaha* and *Ijarah*. There is more knowledge of Islamic banking system among agribusiness entrepreneurs in northern Nigeria, as shown in Figure 4.58 below, where only two (2) unbanked entrepreneurs knew nothing about Islamic banking practice, and ten (10) entrepreneurs have relatively little knowledge of the Islamic banking system. Six (6) entrepreneurs know much about the Islamic banking system. Entrepreneurs with much knowledge of Islamic banking are bank account holders.

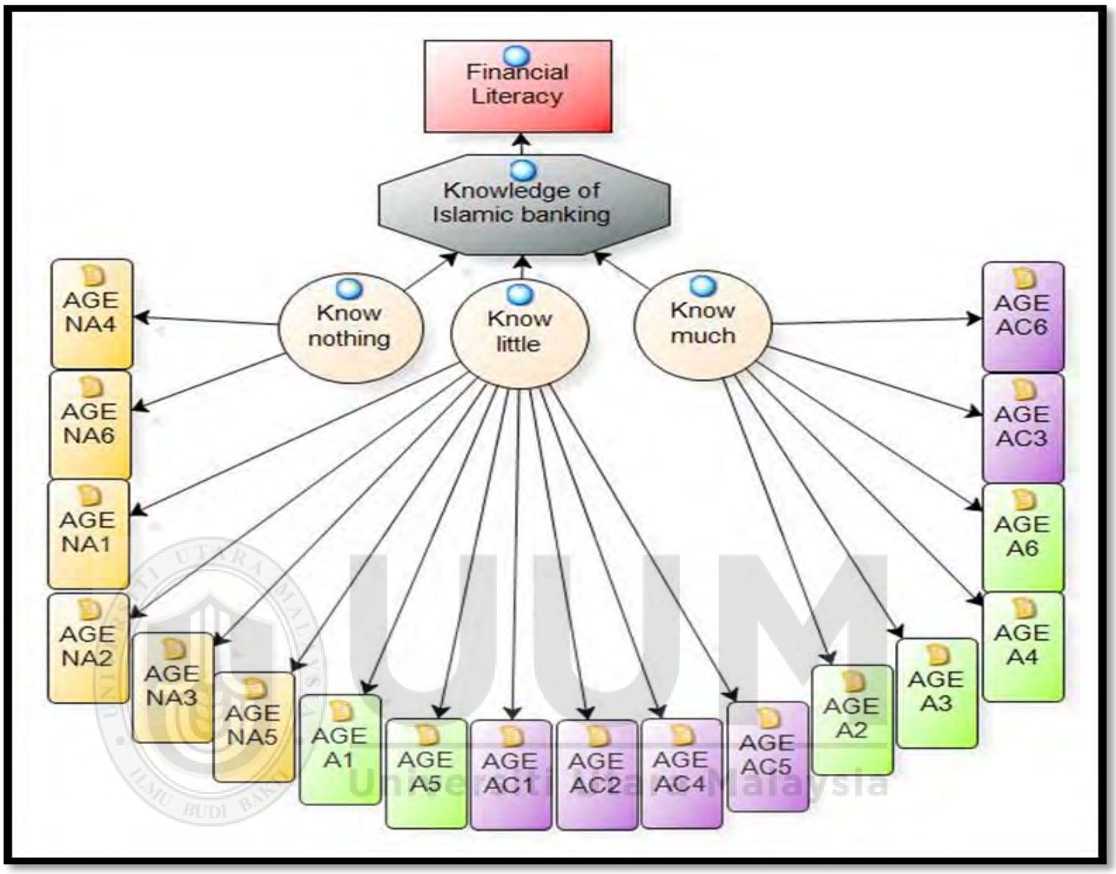

Figure 4.58

Entrepreneurs knowledge of Islamic banking

4.6.5.7 Knowledge of banking regulations and policies

Knowledge of banking regulations and policies refers to entrepreneurs' understanding of principles guiding banking business. It was realised during the interview process that some bank managers and account officers complained about entrepreneurs' knowledge of how banking industry conduct its activities. Therefore, entrepreneurs were asked to mention their understanding of banking regulations. This question also confirms the claim of the Jaiz bank manager and account officer that there is low level of literacy among entrepreneurs.

All unbanked entrepreneurs except GENA3 responded as having no knowledge of banking regulations. The researcher was sure they understood the question well, but, despite their attempts, the researcher is convinced that they don't know anything about banking regulations and policies.

AGENA3, is the only one unbanked who made a positive attempt by saying that it is laws guiding banking business, while AGEA4 said that laws mentioned what is right and wrong to avoid conflict between banks and their customers. AGEA5 also said they are a guide on giving loans and doing other banking business. On the contrary, AGEA6, AGEAC4 and AGEAC5 show a little better understanding by mentioning procedures guiding banks to do peaceful banking with customers, doing banking business according to the laws of the Nigerian government, and legal requirements for doing banking business, respectively.

AGEA1, AGEA2, AGEA3, AGEAC1, AGEAC2, AGEAC3, and AGEAC6 are the seven (7) informants who have a better understanding of banking regulations and policies. This is confirmed from their responses where they mention institutions and policies like NDIC, CBN guidelines, consumer protection, documentation requirements, lending requirements, as well as banks' internal control systems like indemnity. Responses of the entrepreneurs about knowledge of banking operations are shown in figure 4.59 below.

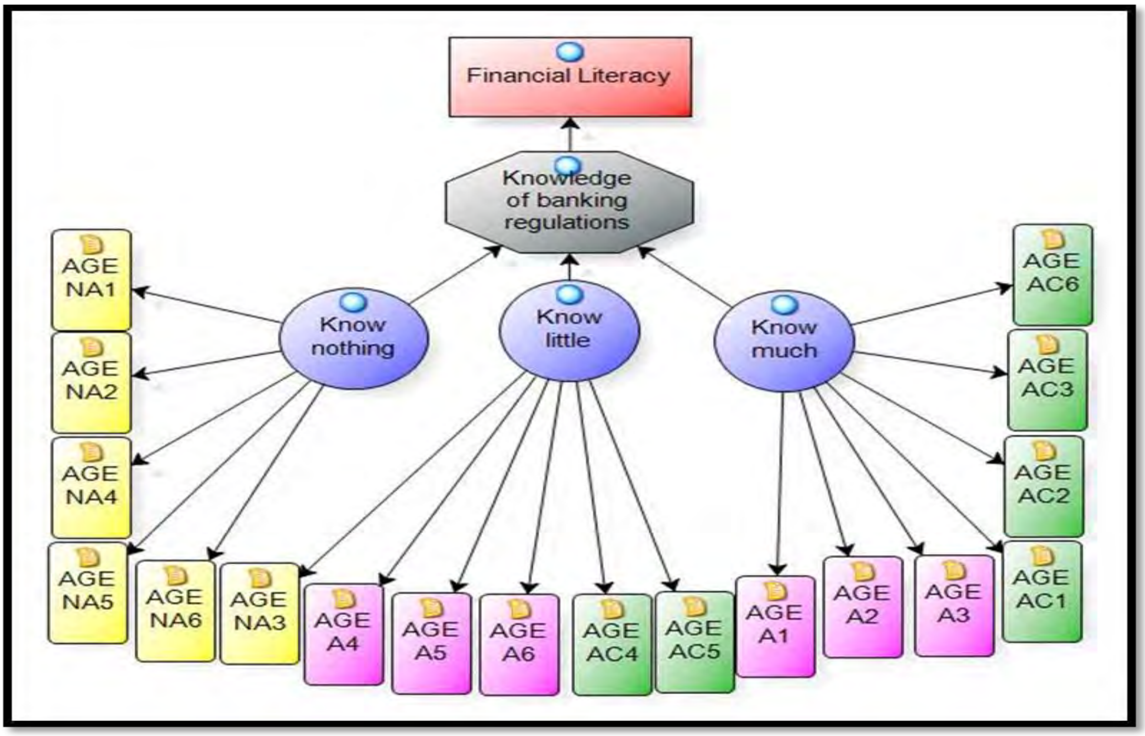

Figure 4.59

Entrepreneurs knowledge of banking regulations

4.6.5.8 Knowledge of informed financial decision making

Knowledge of informed financial decision making is an integral part of financial literacy, which includes individuals' ability to make an informed financial decision on their business as a requirement for enhancing financial literacy among Nigerian adults. The researcher discussed entrepreneurs' ability to make an informed financial decision and how it posed a challenge on straightening their financial inclusion.

The responses of the five (5) unbanked entrepreneurs (AGENA2 to 6) that knows nothing about informed financing decisions shows that the unbanked entrepreneurs only relate financial decision-making to individual thinking and choice. They do not consult experts or make a proper decision analysis. This may be attributed to their low level of education and exclusiveness.

The response of seven (7) entrepreneurs who know little about how to make an informed financial decision relates it to strategies of how to improve access to finance from various sources, planning for the future, and how to increase farming output at a lower cost. The entrepreneurs are AGEA5, AGEAC1, AGEAC2, AGEAC4, AGEAC5, and AGENA1.

On the other hand, AGEA1, AGEA2, AGEA4, AGEA6, AGEAC3, and AGEAC6, show a better understanding of how to make informed financial decisions. It is evident from their responses because they mentioned issues like cost-benefits analysis, consequences of decision-making, alternative source of cheaper funds, wise and better investment opportunities, consultation of educated (experts) people for advice, making a right choice, knowledge of risk and return on investments, and other issues related to the modern farming system. It is found as shown in figure 4.60 below that the ability to make informed financial decisions is associated with banking status of entrepreneurs. Banked entrepreneurs knew the meaning and how to make informed financial decisions. This is unlike unbanked entrepreneurs, who know nothing about the term, except AGENA1, who tried a little in explaining financial decisions.

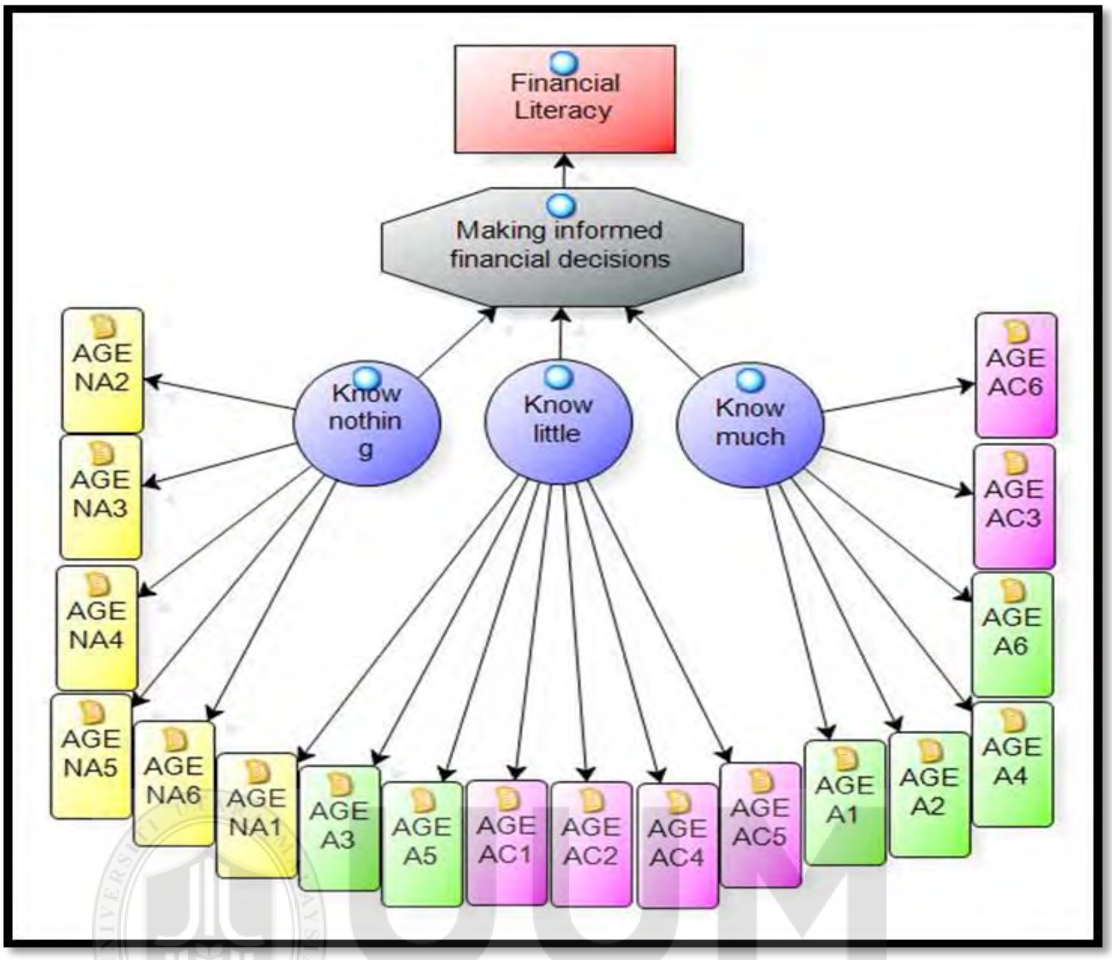

Figure 4.60
Entrepreneurs knowledge of how to make informed financial decision

The knowledge of financial service terms discussed with agribusiness informants above are harmonised in table 4.7 below, to ascertain the relationship between financial literacy and entrepreneurs' banking status.

Table 4.7

Entrepreneurs' level of financial literacy by banking status

	Know nothing			Know little			Know much		
	Unbanked	Banked	Credits	Unbanked	Banked	Credits	Unbanked	Banked	Credits
Account documentation	4	0	0	2	1	0	0	5	6
Payment terminals	2	0	0	2	3	0	1	3	6
Bank credits	3	1	0	3	4	2	0	1	4
Insurance	4	1	0	2	2	2	0	3	4
Pension	3	1	0	3	4	4	0	2	1
Islamic banking	2	0	0	4	2	4	0	4	2
Banking regulations	5	0	0	1	3	2	0	3	4
Financing decisions	5	0	1	1	2	4	0	4	2

Based on the information in Table 4.7 above, entrepreneurs' financial literacy in relation to their banking status is displayed in Figure 4.61 below.

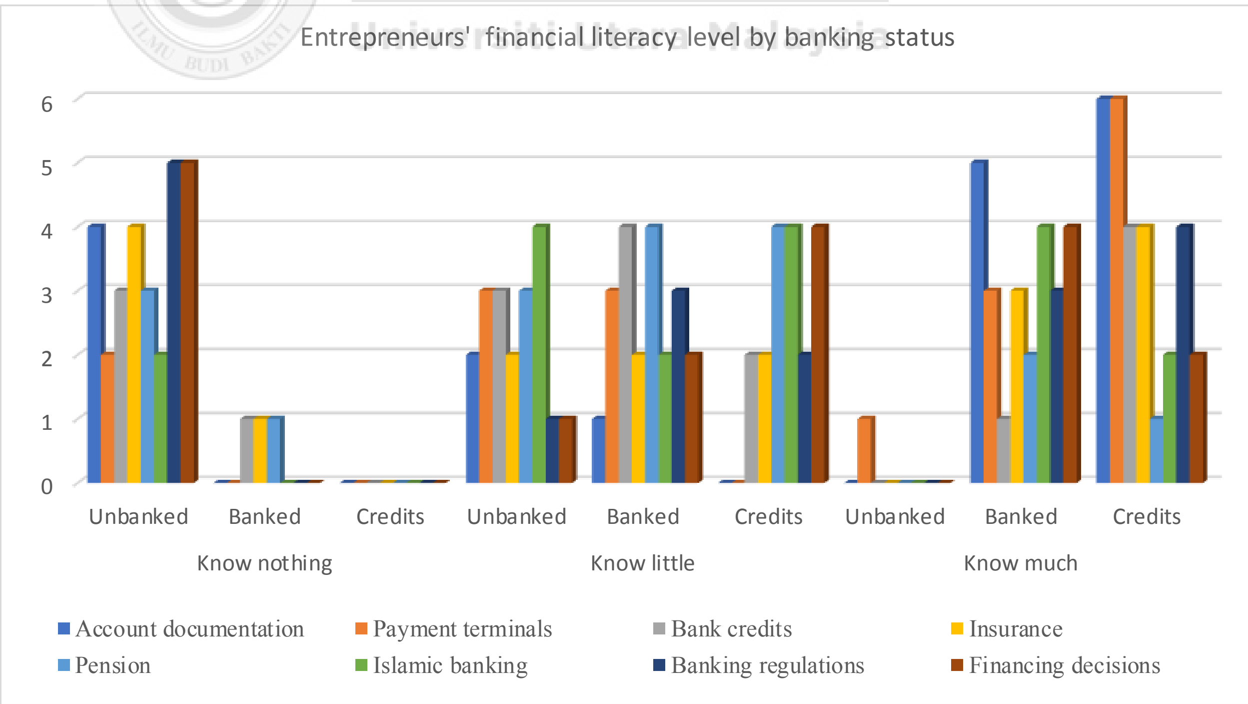

Figure 4.61

Entrepreneurs' level of financial literacy by bank inclusion status

A positive relationship was established between financial literacy and bank inclusion. In other words, entrepreneurs having bank accounts have more knowledge and awareness of financial services than unbanked entrepreneurs. Even among the banked entrepreneurs, those accessing financing know better than account holders not accessing credit. It is also observed from visits to farms and based on demographic characteristics of the interview participants that, small-scale agribusiness entrepreneurs who are financially literate have better farm management, keep a good record of their farming activities, access better financial services like credit at competitive terms and could compare cost and benefit of financing before applying. Table 4.8 below shows a positive relationship between financial inclusion and access to bank accounts and access to credit services.

Table 4.8
Relationship of financial literacy and banking status

Banking status	**Know nothing**	**Know little**	**Know much**
Banked and accessing credit entrepreneurs	**2.1%**	**37.5%**	**60.4%**
Banked but not accessing credit	**6.2%**	**41.7%**	**52.1%**
Unbanked entrepreneurs	**58.3%**	**39.6%**	**2.1%**

Access to banking services is found to be associated with the level of financial literacy. Most unbanked entrepreneurs have little or no knowledge of the financial service terms mentioned in this research work, such as account documentation requirements, bank payments terminals, bank credit, insurance, pension, Islamic banking, banking regulations, and making informed financial decisions. Banked entrepreneurs obviously show a better understanding of the concepts asked, more so entrepreneurs accessing credit. Most of the responses given by the informants refer to understanding of financial terms not from the technical point of view, but from the average person's perspective. Despite appreciable effort to increase financial literacy by institutions generally, there is relatively little understanding of financial service terminologies mentioned among small agribusiness entrepreneurs. Only few entrepreneurs have much knowledge of financial service terminologies. This may be connected to the use of English as the official language for doing business in banks, although *Hausa* (local language) is predominantly used for informal communication purposes.

4.6.6 Entrepreneurs' observed efforts to enhance financial inclusion

In this section, entrepreneurs' opinion was used to assess government and financial institutions' efforts in enhancing financial inclusion. To achieve this, the researcher discussed with entrepreneurs to assess the efforts of financial institutions concerning the provision of appropriate financial services essential to small-scale agribusiness entrepreneurs. Institutions' efforts to provide banking services, credit, poverty reduction schemes, and awareness creation were discussed, as shown in Figure 4.62 below.

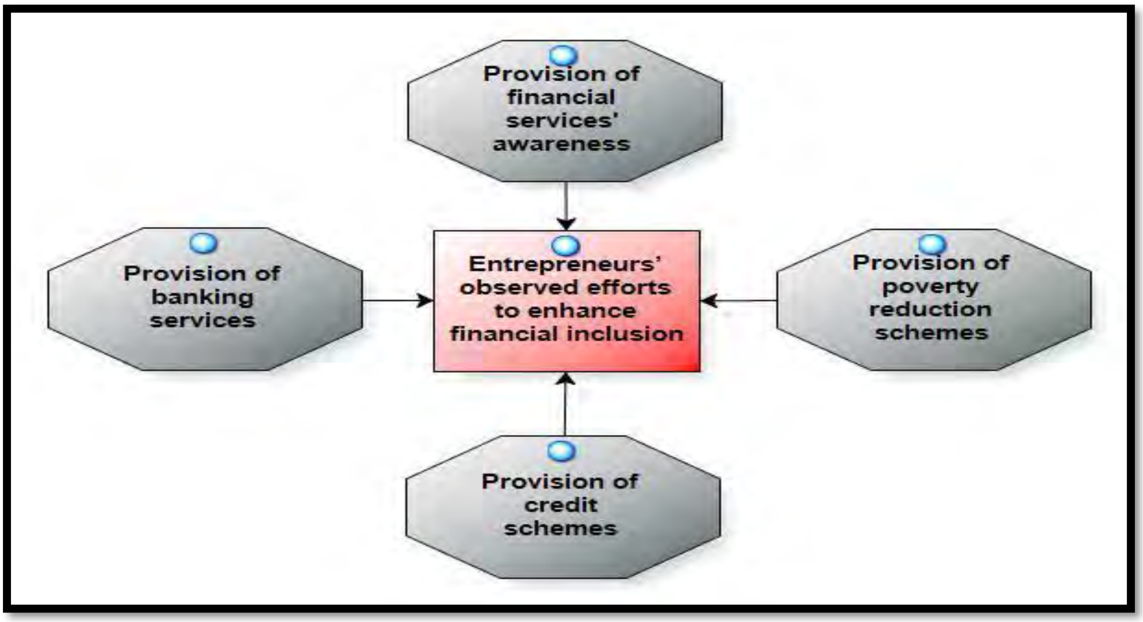

Figure 4.62

Entrepreneurs' observed effort to enhance financial inclusion drive

The researcher used "No effort, Little effort, and Much effort" to represent the extent (magnitude) of their opinion on financial services' provision. Entrepreneurs assessed provision of banking services by commercial banks, credit schemes, and awareness creation by both the banks and government, as well as poverty reduction schemes by their respective governments (local, state, and federal), as discussed below:

4.6.6.1 Institutions' effort on providing banking services

Easy access to banking services can be attained through provision of various banking facilities like bank branches and electronic payment systems to various locations. Entrepreneurs' easy access may influence their decision to patronise the banking services. In this section, entrepreneurs assess the banks' effort to make banking services available to their door step.

Three unbanked entrepreneurs, AGENA1, AGENA4, and AGENA6 said that they do not appreciate provision of banking services in their areas, while AGENA6 added that banks don't care to go where poor people are. They only look for rich people, not farmers. Some (Six) entrepreneurs (AGENA3, AGENA5, AGEA3, AGEAC1, AGEAC4 and AGEAC5) acknowledged little effort of banks in the provision of banking service facilities, but they are not satisfied with the current level. Although, entrepreneurs can have access to banking facilities, they did not appreciate the services, particularly, access to financing. Most of these entrepreneurs are living not too close to bank branches. Therefore, they complain about transportation costs to banks' service points.

The majority (nine) of the entrepreneurs have seen much effort by banks in the provision of banking services, particularly in their area. AGENA2 appreciates the level at which banks are opening new branches, but the government is not making any effort.

While AGEA1 said they have all facilities that are needed for banking services in their area, the banks are usually giving more attention to rich people. AGEA2 also said they have bank branches, ATMs, and internet services in their area. AGEA4 and AGEA5 also added that competition drives banks to open branches in all major towns like local government headquarters, and ATM machines are attached to the branches. AGEA6, AGEAC2, and AGEAC3 appreciate the effort of banks but not the government. They share the opinion that banking services are expensive. AGEAC6 also said that banks provide services, but solely to serve their business interests, Thus, the government need to provide services like improving on electricity power supply. Responses of entrepreneurs as shown in Figure 4.63 below confirm that the majority have seen considerable effort by banks to provide financial services in various locations.

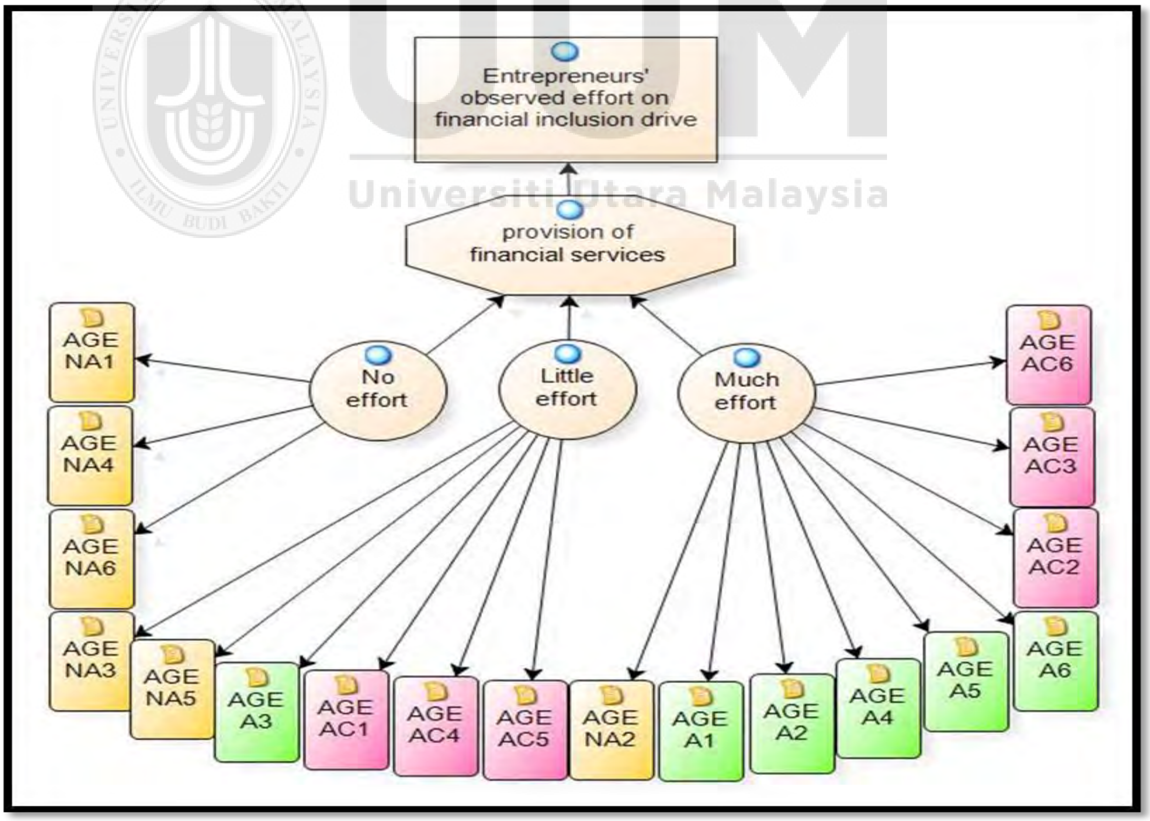

Figure 4.63

Institutional effort to provide banking/financial services

4.6.6.2 Effort on credit enhancement schemes

To assess the effort of government and banks in the provision of credit services, entrepreneurs were asked to assess institutions' efforts towards provision of credit services to small scale entrepreneurs.

Four entrepreneurs (three unbanked and one banked) said that they did not see any appreciable effort from any institution. AGENA2 blamed beneficiaries of loan services for their reluctance to pay back. Therefore, he observed that institutions are no longer giving loans to farmers. AGENA5 added that he disapproves the efforts of state governments in aiding farmers. AGENA6 also complained about the bank on agricultural loans to farmers., AGEA3, too, did not see any tangible effort by the government to help farmers.

The majority (eleven) of the entrepreneurs regarded both government and financial institutions as doing little but unsatisfactory effort towards provision of credit. Their responses show that even though the bank of agriculture and many credit schemes in commercial banks exist, farmers find it difficult to get credit. Some of them appreciate the little effort of the agricultural bank, while others like AGENA1 and AGEA3 confirm a little effort of microfinance banks in lending to small scale farmers.

Only three (3) entrepreneurs have seen much effort by institutions in the provision of credit among entrepreneurs. AGEA4 said that in government owned agricultural banks, group members agree on mutual guarantees to obtain agricultural loans. AGEAC2 also added that government credit is now channelled through commercial banks, and banks are sanitising the system by making it a serious business. Unlike before, only people with connections in government can access loans. Nevertheless, AGEAC6 also appreciates the government for encouraging and aiding banks to channel loans to the agricultural sector, particularly now that banks related to industry and agriculture are no longer effective, due to budgetary constraints. Figure 4.64 below represents the entrepreneurs observed effort by institutions towards provision of credit services.

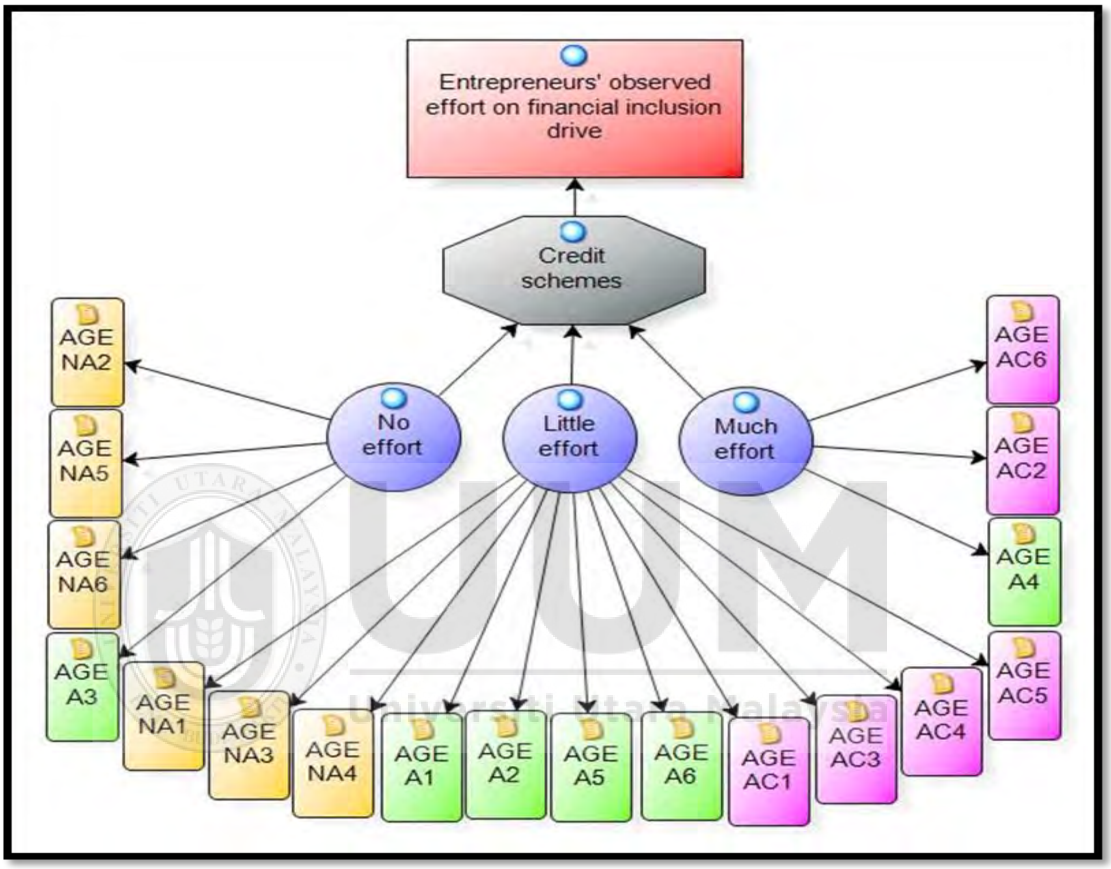

Figure 4.64

Entrepreneurs Observed effort on provision of credits

4.6.6.3 Effort on increasing awareness of financial services

Increasing awareness of financial services is a responsibility of various stake holder institutions. In this study, we are concerned about the effort of CBN and DMBs due to their direct role of promoting access to banking services. Entrepreneurs were asked to assess the effort of CBN and commercial banks on increasing financial awareness.

The responses of four (4) entrepreneurs' not accessing bank accounts show that they do not appreciate any effort to increase their awareness of financial services by any institution. Those living in rural areas in particular are always busy in farming activities and they don't listen to radio or television. Three (3) entrepreneurs testify that there is a little effort in increasing awareness of financial services. They responded that the government sometimes sponsor some programmes in media houses, while other entrepreneurs observe that awareness creation is taking place only inside bank branches.

The majority (eleven) of the entrepreneurs have remarkably appraised the effort of increasing awareness by stakeholder institutions. For example, AGENA3 mentioned a radio programme called 'money matters', and AGEA1, appreciates CBN and some nongovernmental organisations. AGEA2 mentioned that "banks are always ready to inform people, on phone or when customer visits their branches", and AGEA3 added that banks educate customers on banking related issues. AGEA4 and AGEA6 appreciate efforts on public awareness campaigns. mentioned Besides text messages on GSM, AGEA5 mentioned that banks also distribute papers in English in their banking hall. AGEAC3, AGEAC4, AGEAC5 and AGEAC6 all recommend banks and government's effort on enlightening people through informative media programmes. Their responses are shown in figure 4.65 below.

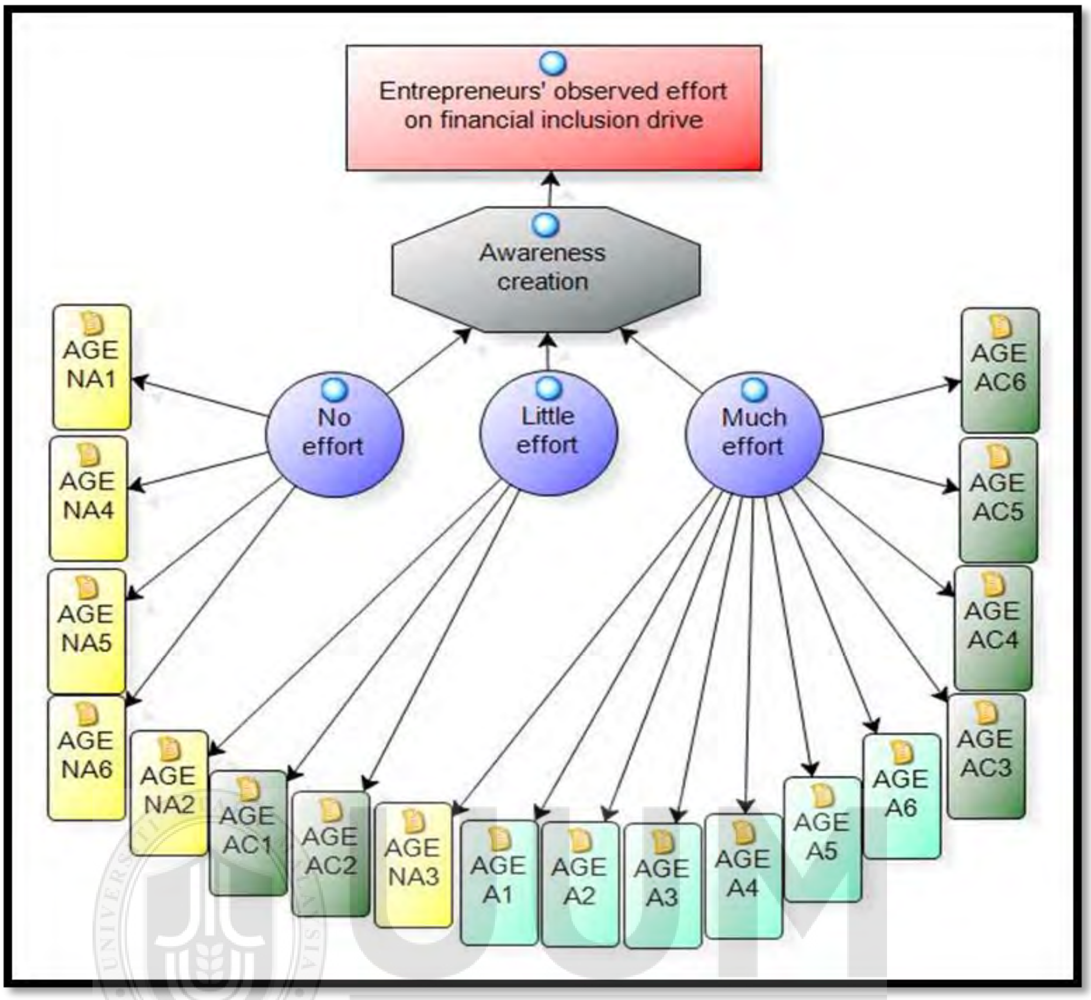

Figure 4.65
Entrepreneurs' observed effort on awareness creation

4.6.6.4 Effort on poverty reduction schemes

Poverty reduction schemes are government run programmes aimed at reducing poverty among citizens. Poverty reduction schemes are exclusively the responsibility of government at various levels (local, state, and federal), in collaboration with other financial and non-financial institutions. The poverty reduction scheme is part of the financial inclusion performance indicators. It is considered as an outcome of financial inclusion. Despite the presence of various programmes in Nigeria geared towards poverty reduction among individuals, some unbanked agribusiness entrepreneurs mention that the lack of government's support as their major challenge. Therefore, small-scale agribusiness entrepreneurs were asked, if they appreciate governmental efforts towards eradicating poverty.

Five entrepreneurs did not see any effort made by the government towards fighting poverty. AGENA1 and AGENA4 remarked that they are fighting poverty themselves, not the government. Similarly, AGENA6 did not see any tangible effort and mentioned that the programme is just a name. AGEA2 and AGEAC4 said that you may hear fighting poverty in the budget and media but no implementation, as the government is doing nothing about fighting poverty.

The majority (thirteen) entrepreneurs agree that government is making efforts but there is little effort to fight poverty in their areas. They mentioned government's negligence in ensuring the effectiveness of the programme. AGENA5 added that, what government gives is too small to fight poverty. While AGEA1 added that state government is giving women priority in distributing poverty reduction fund, and AGEA3 and AGEAC5 also added that, the intervention funds are not enough to change agribusiness entrepreneurs' fortune. Most of these entrepreneurs acknowledge the effort of government in fighting poverty as inadequate.

None among the entrepreneurs testify serious effort by government, enough to fight poverty among farmers. Therefore, the general understanding of the entrepreneurs shows that, the government is not doing well in fighting poverty among small agribusiness entrepreneurs. Figure 4.66 below represents their responses, as they perceive the efforts of the government towards poverty reduction in northern Nigeria.

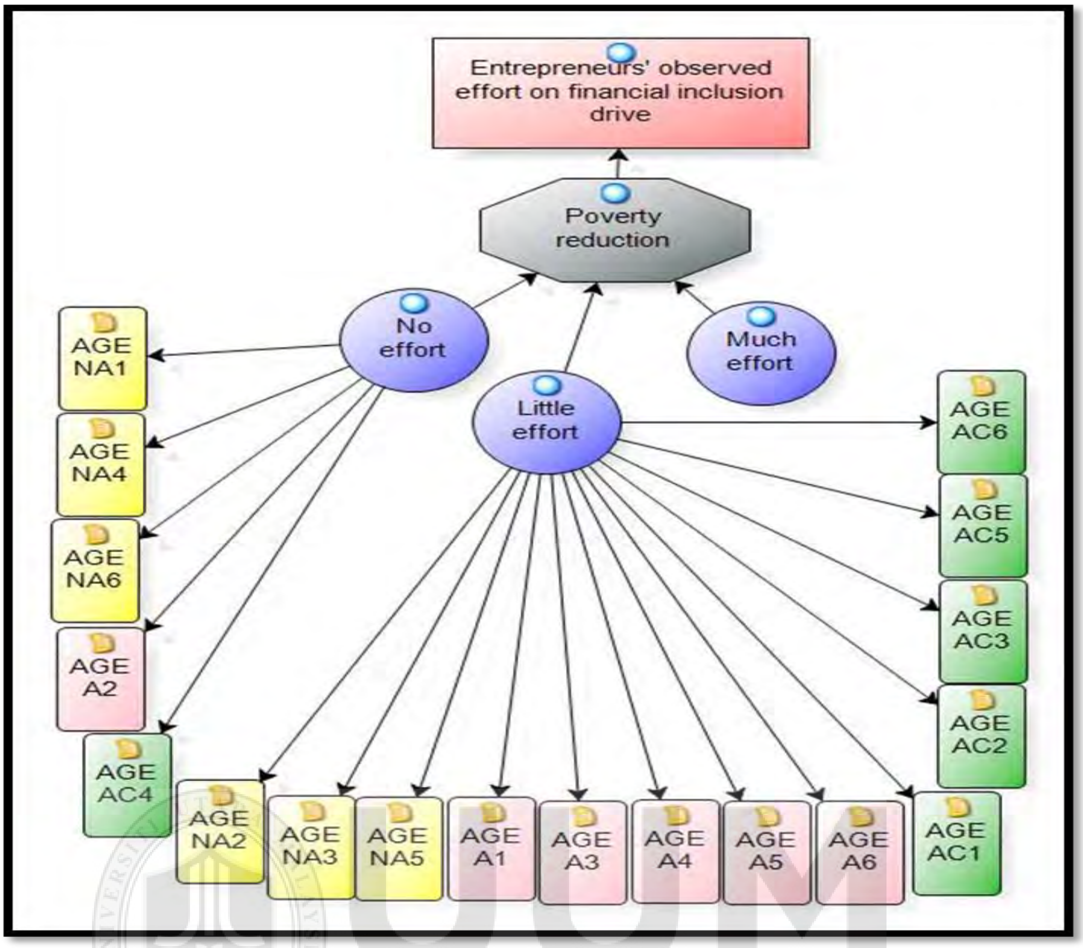

Figure 4.66
Entrepreneurs' observed effort on poverty reduction schemes

4.6.6.5 Challenges of institutions' effort to enhance financial inclusion as observed by entrepreneurs

Most of the entrepreneurs appreciate the effort of banks in extending financial services like account opening (Marketing) and payment services (payment terminals). However, informants believe that banks are doing so for their profit-making motive, not to assist farmers. The effort, though, is a drive towards increasing financial inclusion among small-scale agribusiness entrepreneurs.

The majority of small agribusiness entrepreneurs believe that none among the banks and government institutions makes much effort to assist entrepreneurs in the extension of credit services. Entrepreneurs perceived banks as extending credit at an exorbitant and exploitative rate, and bank lending is associated with strict conditions and requirements. Government loan schemes, which were originally handled by the bank of agriculture, are now diverted to profit seeking commercial banks. These commercial banks impose strict guidelines for accessing the funds. People view government's money in the bank of agriculture's previous credit schemes not as loans, but as a gift or grant. This is because beneficiaries were less likely to repay. Agricultural intervention funds are largely sector specific, and insufficient for their beneficiaries. Intervention funds are found to be vulnerable to political interference and high default rates. Meanwhile, it is expected that, government's subsidised interventions may reach appropriate beneficiaries through commercial financial institutions, under strict monitoring by the central banks.

Government's effort towards poverty eradication programme is usually centred towards the poor, by giving them small incentives as a start-up capital. The incentives are usually small and below the requirements of small-scale agribusiness entrepreneurs. Above all, it is not reaching the target beneficiaries. Entrepreneurs do not appreciate the efforts of the government towards poverty reduction schemes. This is because, people in government usually divert financial aid that is supposed to reach small-scale agribusiness entrepreneurs to their political supporters, for their political interest. Most of the recipients of government grants hardly utilise the assistance given to them judiciously. Furthermore, none among the agribusiness entrepreneurs commends government institutions' efforts towards poverty eradication programmes.

Generally, entrepreneurs see relatively better effort in banks than other relevant government institutions in the provision of financial education, and awareness creation services. However, some unbanked entrepreneurs do not see this effort of banks, because they are not interested in the programmes, and they do not have contact to most institutions providing awareness services. Despite this awareness creation programmes, there is low financial literacy among small-scale entrepreneurs, particularly on how to access credit. This is because most of the awareness programmes are in English. The majority of northern entrepreneurs have little interest and pay little attention to English programme. Even if they can understand the message, as evidenced from the responses of AGENA2 and AGENA4, the English language acts as a barrier.

Finally, the researcher compared entrepreneurs' perception towards efforts to enhance financial inclusion based on the entrepreneurs' banking status. Summary of entrepreneurs' appraisal of institutions' efforts towards provision of financial services is shown in table 4.9 below.

Table 4.9
Entrepreneurs' perceived institutions' effort on enhancing financial inclusion based on their banking status

	No effort			**Little effort**			**Much effort**		
	Unbanked	Banked	Credits	Unbanked	Banked	Credits	Unbanked	Banked	Credits
Banking service	3	0	0	2	1	3	1	5	3
Credit services	3	1	0	3	4	4	0	1	2
Poverty schemes	3	1	1	3	5	5	0	0	0
Awareness creation	4	0	0	1	0	2	1	6	4

Figure 4.67 below shows distribution of entrepreneurs' perception of institutions' effort to enhance financial inclusion, based on the entrepreneurs banking status.

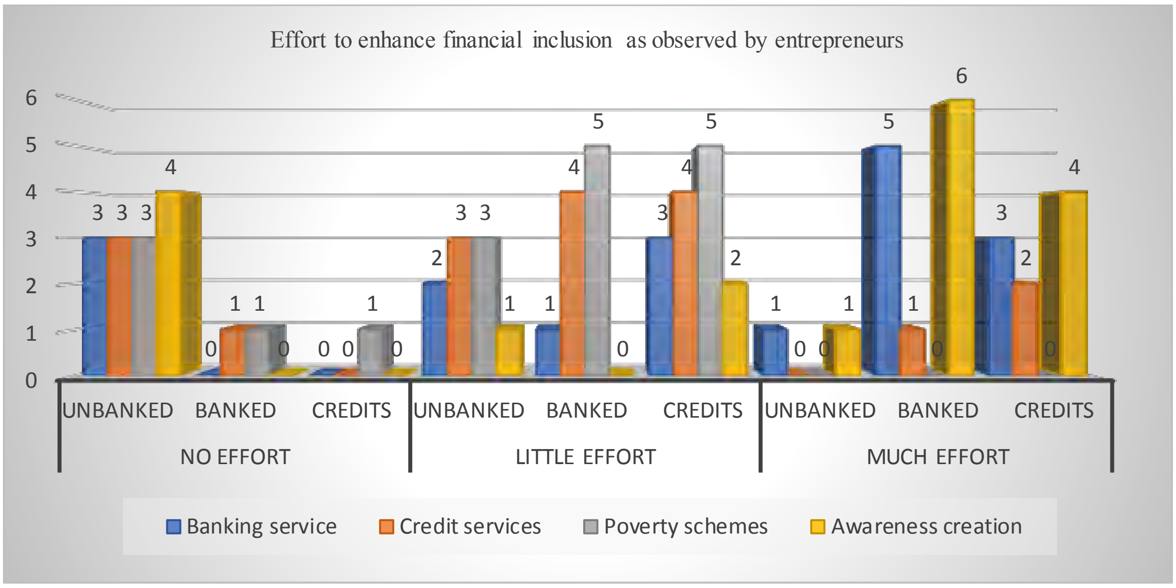

Figure 4.67

Entrepreneurs' perceived institutions' effort on enhancing financial inclusion based on their banking status

The overall appraisal shows that banked entrepreneurs observed more appreciable efforts than unbanked entrepreneurs towards the provision of financial services. Therefore, figure 4.67 above provides justification that access to banking services influences entrepreneurs' perception towards institutions' efforts to enhance financial inclusion.

Considering the relationship of entrepreneurs' financial literacy and institutions' commitment to enhance financial inclusion, the researcher came up with a model relating institutions' efforts to enhance financial inclusion, entrepreneurs' financial decision-making, and entrepreneurs' business performance. However, a lack of institutions' commitment and entrepreneurs' inability to meet up with financing requirements may likely impose a challenge towards this relationship, as shown in figure 4.68 below.

Figure 4.68

Relationship between institutions' effort and entrepreneurs' performance

4.6.7 Finding on theme four

The research objective of main theme four (4) is to identify the main challenges facing small-scale agribusiness entrepreneur in straightening financial inclusion. It is realised that; entrepreneurs have challenges in access to pension and insurance services. It is also realised that; small agribusiness entrepreneurs have less awareness of consumer protection and financial literacy. Small-scale agribusiness entrepreneurs do not appreciate the efforts of the government and financial institutions towards enhancing financial inclusion. Most importantly, small-scale agribusiness entrepreneurs face more challenges in access to bank account and credit services. Figure 4.69 below shows all the challenges facing banks and their customers (small agribusiness entrepreneurs) in access to bank account and credit services. All responses from twenty-four informants (bank managers, account officers, and all entrepreneurs) are summarised below. The responses show that loan security (collateral and guarantor) and cost of financial services are the two major challenges, followed by viability of investments and other economic factors.

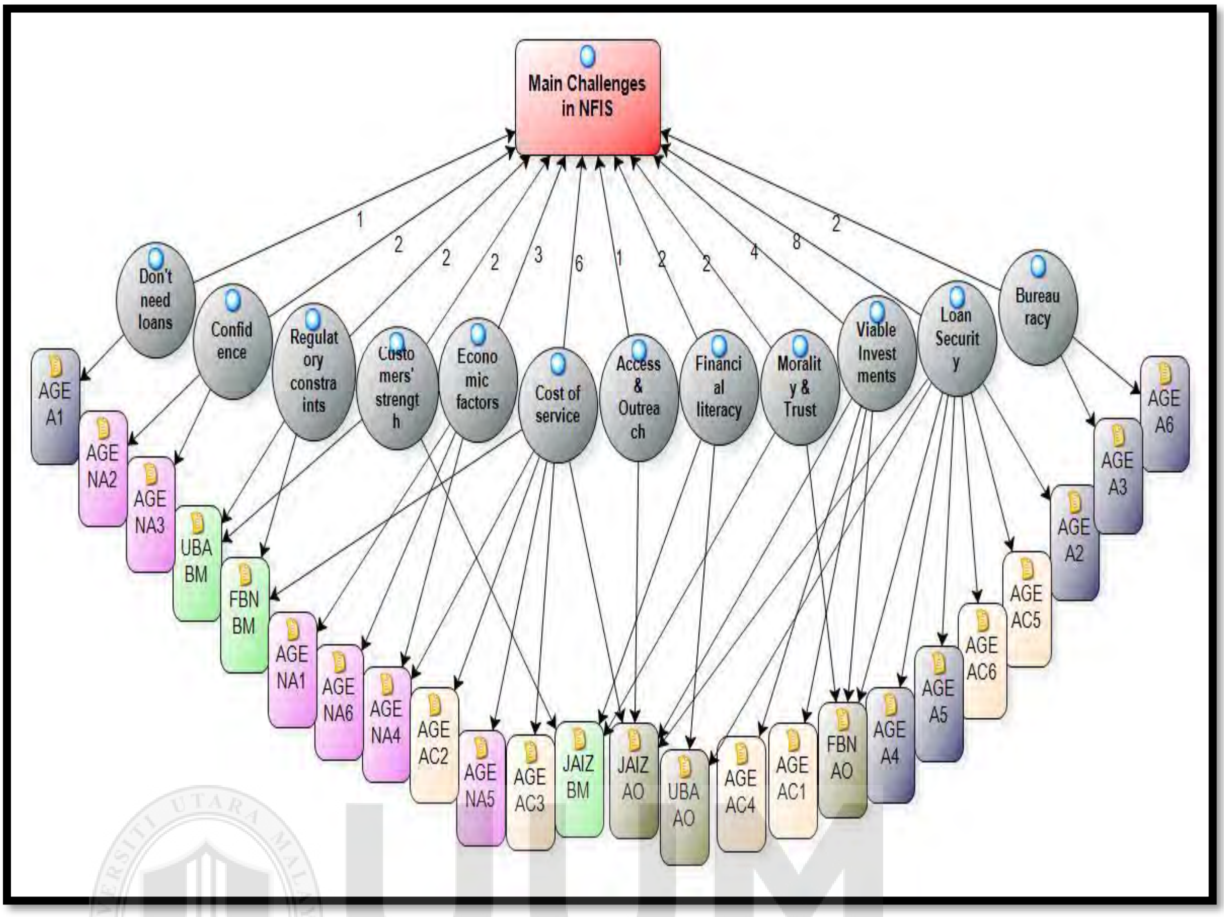

Figure 4.69
Overall challenges in access to banking and credit services

4.7 Analysis of the findings

After a careful study on the research problem and objectives, the researcher identified important stake holders to financial inclusion. The researcher's interview respondents were the ones who provided rich and thick data. Responses obtained from bankers and entrepreneurs may be conflicting views. In this section, the researcher made a cross-reference of responses between the major stake holders (bankers and entrepreneurs) of financial inclusion as follows:

5.2.1 Analysis of responses between bank managers and entrepreneurs

Bank managers mentioned customer mobilisation and effective service delivery as their sole effort to implement financial inclusion. On the other hand, small-scale agribusiness entrepreneurs appreciate the effort of bank account officers towards customer mobilisation and service delivery. However, despite the efforts, some entrepreneurs are not accessing banking services due to cost, distance, and bureaucracies involved in opening and maintaining bank accounts. This is in line with the study of Awokuse, & Xie, (2015) where he realised that many small-scale agribusiness entrepreneurs do not access banking services due to challenges associated to cost, distance and documentation. Entrepreneurs also mentioned lack of collateral or a guarantor as their major challenge towards access to credit. However, banks declared collateral or a guarantor as a prerequisite for most of their financing facilities. This is buttressed in the study of Nwankwo, (2013) where they identified lack of collateral as a major challenge towards small-scale lending.

To ensure safety and identity of customers, banks are required by central banks' regulations to ensure compliance to KYC regulations and they claimed to be doing so in the interest of customers. Despite tiered KYC, entrepreneurs are frequently complaining of documentation requirements, particularly in access to lending/financing. But, there is so much flexibility in account opening documentation requirements.

Banks claimed to be protecting the interest of customers through transparency, confidentiality, fairness, and conflict management. However, interviews with small-scale agribusiness entrepreneurs show that the majority of the respondents have little knowledge of consumer protection mechanisms. Interestingly, financial literacy is important in understanding consumer protection mechanisms (Lukonga, 2015), although, respondents did not complain so much on their rights being infringed upon.

Bank managers claimed that they implement financial literacy through public enlightenment, explanations on course of doing business, as well as when responding to customer requests. However, the respondents appreciate the effort of banks towards public enlightenment. However, entrepreneurs claimed that banks are doing so only in the process of advertising or selling their products to public.

It is also interesting to know that both entrepreneurs and bank managers mentioned complaint of cost, regulatory restraints, customer strength and skills, and customer morality as main challenges to implementing financial inclusion.

5.2.2 Analysis of responses between bank account officers and entrepreneurs

Account officers prefer to establish strong business relationship before lending to entrepreneurs. This business relationship establishment, they claimed, is to enable them to know much about customers before establishing the lending relationship. However, entrepreneurs claimed that despite relationship building, loan applications must undergo rigorous screening and meet enormous lending requirements, which are difficult for them to meet.

Bank account officers insist on loan/financing application's screening and performance monitoring processes on business and borrower to ensure safety of funds. However, entrepreneurs' complaints on cost of financing and stringent conditions set by banks are cited as major reasons for repayment default.

Bank managers, bank account officers, and small-scale agribusiness entrepreneurs mentioned many challenges towards implementing financial inclusion. This includes customer morality and trust, customers financial literacy level, loan security, investment viability, access and outreach, frequent complaint of cost of services, lack of confidence, regulatory constraints, bureaucracies, and other economic factors. However, bank managers, account officers and entrepreneurs unanimously agree on four main challenges (loan security (collateral and guarantor), financial literacy level, cost of financial services, and viability of investment projects. These challenges to implementing financial inclusion among small-scale agribusiness entrepreneurs are considered by many scholars like Abdul-Rahman and Nor, (2016); Misman, Bhatti, Lou, Shamsudin, & Rahman, (2015), & Santikian (2014).

4.8 Summary of the chapter

When data is collected, Nvivo software was used for data management. The interview and analysis were made based on themes reflecting research objectives of the study. Findings of this research are presented in form of tables, models and charts for easy explanations and comparisons. The chapter also made sense of the collected, and analysed data, by showing the propositions that made an important contribution towards understanding financial inclusion.

The chapter also reviewed and interpreted major findings based on how research questions are answered. Interview participants' reflections of the issues makes meaning of the data through comparing the findings with previous literature. From the discussion and interpretations in this chapter, some concluding remarks and recommendations are made in the following chapter.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

The previous chapter (Chapter Four) interpreted and discussed the meaning explored in data obtained from informants. This chapter relates the discussed findings to practice of financial inclusion. The chapter first summarised the findings from respondents in the form of cross-referencing between responses to point out biasness of respondents. The chapter also made concluding remarks of financial inclusion strategy based on themes of the study. The chapter also recommends a way out to successful achievement of financial inclusion objectives. The chapter finally outlines the study's contributions and implications of the study, and as well, makes suggestions for further research.

5.2 Summary

After a careful study on the research problem and objectives, the researcher identified important stake holders to financial inclusion based on his interview respondents, who provided rich and thick data. The researcher used qualitative research to explore the experiences and understanding of the informants about financial inclusion issues. Data was collected from a defined population through purposive sampling technique, and research questions were answered through collection and analysis of data from in-depth interviews. Data collected was analysed with the aid of Nvivo version 10 software and the findings as well as interpretations were presented, followed by a discussion of the results. Figure 5.1 below represents the summary of findings of this research.

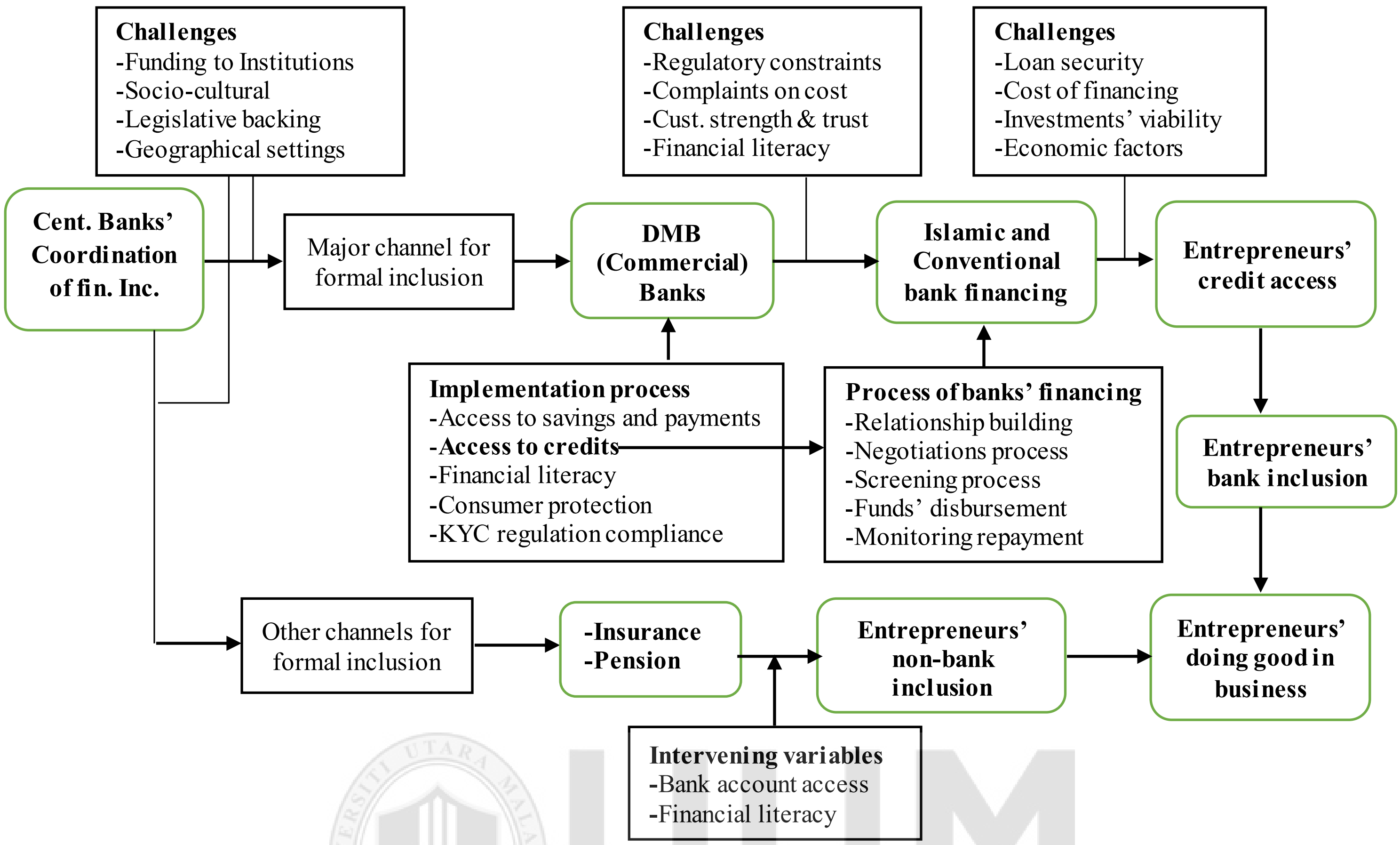

Figure 5.1
Summary of the overall research findings

Financial inclusion is recognised as a driver for economic development, through enhanced access to savings, payments, credit, insurance, and pension services, which have direct impact on economic and social development; and poverty reduction of all income class individuals, particularly entrepreneurs' performing well in business. Due to increasing popularity and attention of financial inclusion, Central banks in collaboration with other stake-holder institutions approve various innovative policies, principles, and programmes to promote access to financial services, which is in line with AFI membership and MAYA declaration of 2008. Financial inclusion has many indicators that show the extent to which objectives are achieved. Financial inclusion also requires regulatory policies and programmes to promote access to financial services, such as KYC, financial literacy, consumer protection.

Central banks recognised DMB as major drivers for implementing financial inclusion. Therefore, the secretariat relied on banks' practices to achieve financial inclusion. Commercial banks (Islamic and conventional) implement financial inclusion by ensuring access to savings, payments, and credit, through branches and modern payment terminals. Commercial banks also promote consumer protection, financial literacy, and KYC compliance. Islamic and conventional banks' approaches to implementing financial inclusion was not different in promoting access to account services, credit, enhancing financial literacy and consumer protection.

Banks are careful in giving out loans because of challenges associated to borrowers' repayment capacity and willingness to repay. Meanwhile, they follow flexible and all-inclusive means to extend financing to deserving borrowers. On the other hand, small-scale agribusiness entrepreneurs are faced with the challenges of loan security, investments' viability, and increasing cost of financing, as issues impending their access to financing. Meanwhile, after a careful analysis on the findings, issues related to financial inclusion are discussed and a way-out is recommended below:

5.3 Conclusion

From the analysis and interpretation of this research work, the researcher made the following conclusions based on the themes of the study.

5.3.1 Conclusion on indicators and requirements of financial inclusion

From the findings of content analysis, various indicators and requirements of financial inclusion are identified and discussed to show some coordinated financial inclusion activities that may lead to achievement of financial inclusion objectives.

It is concluded that, central banks and other financial inclusion agencies across the world use various indices to measure the extent of financial inclusion in their countries. But, they don't use all the indicators available at once. However, each country is using some selected indicators in accordance to their level of financial inclusion and their set target. The previous literature shows that no single literature used all the indicators and requirement to measure the extent of financial inclusion in any country (Goel, & Sharma, 2017). This is evident in the work of Demirguc-Kunt, Klapper, Singer, and Vanoudheusden (2015) where indicators used by some countries are compared.

A well-coordinated financial inclusion initiative must ensure quality of financial services through provision of appropriate, formal and affordable financial services. Quality financial services must reach various groups of individuals according to their income, gender, location, and economic activities. All individuals must have access to a variety of financial services like savings, payments, credit, pension and insurance. A variety of financial services should reach various groups of individuals through a variety of channels like ATMs, POS, branches, internet, and mobile banking. Financial services must be to the benefit of individuals, households, and society, and should lead to poverty reduction and economic development.

Central banks arrange collaborations among agencies to enhance financial inclusion, which is in line with global financial inclusion practice (Egbide, Samuel, Babajide & Samuel, 2015). To achieve financial inclusion objectives, central banks enhance financial regulations and policies necessary for financial inclusion strategy. Central banks also collaborate with financial literacy and financial consumer protection departments. Central banks as well collaborate with non-bank financial institutions like insurance and pension companies, non-financial institutions like telecommunication, computer software developers, and power sector to enhance technology.

From the discussions of indicators and requirements of financial inclusion, the researcher established a relationship between coordination of financial inclusion and achievement of financial inclusion objectives. Coordination of financial inclusion is to ensure its achievement through some moderating variables. This relationship as shown in Chapter Four is to be tested by quantitative research.

5.3.2 Conclusion on banks' process of implementing financial inclusion

This research concluded that commercial banks devise various strategies to implement financial inclusion of their customers. Although all banks are found to be implementing financial inclusion effectively through access to accounts, credit, financial literacy campaign, consumer protection, and KYC compliance, banks employ different implementation strategies to attract, serve, and retain customers. Meanwhile, the banks are found to be good agents of implementing financial inclusion. Banks are found to be extra careful in giving out financing, particularly to small scale businesses. Banks are sceptical in lending to small scale agribusiness entrepreneurs, due to low level of financial literacy, loan security, and cost associated to small scale financing.

It was also concluded that; commercial banks are major promoters and implementers of financial inclusion. All financial services, except pension and insurance are obtainable in banks. There is also a significant correlation between access to insurance and pension service with access to bank account. This is because most subscribers of pension and insurance services are bank account holders. However, not all account holders have insurance services. There are also car owners who have insurance covers, but do not have bank accounts. They are subscribers of necessity and want to fulfil legal requirements. Some of them do not even know why they purchase the insurance cover.

There is no much difference noticed among Islamic and conventional banks' financial inclusion implementation process, except in the process of bank lending and legal compliance. Islamic banks avoid interest on loans and deposits, meanwhile, Jaiz Islamic banks' lending facilities are mainly debt-based, which looks like conventional lending. Although they have equity-based financing, it is not popular and obtainable among small-scale agribusiness entrepreneurs. This may not be unconnected to risk, business skills, and investment viability issues in agriculture related small business. Another area with little difference in implementation process of financial inclusion is the compliance issue. While conventional banks are obliged to comply with conventional banking regulations, Islamic banks must also comply with *shari'ah* objectives of avoiding *Haram* and adhere to Islamic business ethics.

Jaiz Islamic bank also realised that they must holistically compete on commercial grounds with their conventional counterparts in customer mobilisation. This may be the reason Jaiz bank's manager and account officer did not thoughtfully rely on religiosity for marketing activities. Unlike the past two decades, when Islamic banking institutions were seen merely as an avenue for Muslims with strong religious convictions to participate in banking. Islamic bankers must compete by providing efficient and cost-effective financial services to their customers (Zaher and Kabir Hassan, 2001), hence, enhancing financial inclusion.

In implementing financial inclusion, Islamic banks may provide short and long-term financing to real (agricultural) sector of an economy, which in turn leads to growth of

Islamic communities (Chapra, 1992 and Siddiqi, 1983). After all, many conventional banks opened Islamic banking window operations in the past, but they did not gain acceptability like full-fledged Islamic banks (Adeniran, 2014).

It can be concluded from the responses of the bank manager and the account officer of Jaiz bank that there is a need for sustainability of business and viability of investments, particularly in participatory (profit sharing) financing options like *Musharakah* and *Mudarabah*. Bank managers ensure thorough risk management through the analysis process before lending/financing. Account officers in the other hand, are vigilant over who they are dealing with in respect to the attitude of people, because some customers are likely to introduce unhealthy behaviours while doing business. This corresponds to the findings of Abdul-Rahman and Nor, (2016) about the challenges of profit and loss sharing financing contracts.

Apart from over reliance on debt-based financing contracts, it is also found in Jaiz bank documents that, Jaiz bank has more mark-up and fee-based financing contracts like *Bai' mu'ajjal,* and *Ijarah* than profit sharing contracts, and they found those contracts more convenient than profit sharing contracts. This is in line with the view of AGEAC6 agribusiness customer, who is using mark-up financing. Whereas Siddiqi, (1983) and Khan, (1987) expressed fear about mark-up mode of financing contracts. They assert that Islamic financial institutions may likely use mark-up contracts as interest bearing contracts in disguise, due to their fixed return and time bound nature. Zaher and Kabir Hassan, (2001), advised Islamic banks to use mark-up contracts only where profit sharing contracts are not feasible, instead of preferring mark-up than the profit-sharing contract. He gave this advice due to divergent views and disputes among scholars on their acceptability in *Sharia*. Interestingly, the Jaiz bank account officer opined that they use mark-up and debt-based financing to finance small agribusiness entrepreneurs, due to entrepreneurs' lack of business expertise and projects' viability issues.

It is also concluded that Islamic banks also give much emphasis to *Shari'ah* compliance due to the implications of non-*shari'ah* compliance, such as going against the commands of *ALLAH* (SWT), and seeking for *ALLAH's* blessing or *barakah*, or may be the fear that breach of the provision of Islamic banking principles jeopardize the bank's reputation as an Islamic bank. Non *Shari'ah* compliance also has financial impacts such as invalidation of contract (*'aqad*), non-halal income, and impact on capital adequacy ratio (Dhumale, & Sapcanin, 1999). This may be the reasons Jaiz bank manager and account officer emphasized on *Shari'ah* compliance and ethical consideration in bank financing process.

It is determined that banks predominantly use debt-based financing contracts to meet small agribusiness entrepreneurs' financing needs. This is evident from the responses of some small-scale agribusiness entrepreneurs. AGEAC5 accesses *Qard-al-hasanah* (benevolent loan) in a form of revolving overdraft, against his salary, and AGEAC6 obtains *Murabaha* (*bay-mu'ajjal*) financing to buy animal feeds from a specific supplier. Considering the Jaiz bank financing products mentioned on its website, they provide more debt-based than participatory financing services. This is similar to the findings of Aggrawal and Yousef, (2000) that today's Islamic banks' financing in many OIC countries do not conform to profit and loss sharing principles. They use debt-based financing instruments, identical to conventional bank loans.

It can be concluded that Islamic banks' preference for debt-based financing and insistence on collateral or a guarantor is connected to the level of moral trust and integrity of customers, as discussed by its account officer. Informants consider most of the Jaiz Islamic banks' debt-based financing products as relatively expensive. This is evident in the responses of customers from Jaiz Islamic bank, among the informants, who complained about the high cost of financing. Meanwhile, scholars opined that the only distinguishing and desirable substitute product to conventional lending is equity-based financing contracts, and they are less preferable, and riskier to Islamic bankers and some real sector businesses (Aggrawal and Yousef, 2000).

5.3.3 Conclusion on banks' process of giving out financing to small-scale agribusiness entrepreneurs

It is realised that small-scale agribusiness entrepreneurs find it difficult to obtain financing from commercial banks. This may be associated to challenges of high cost of financial services, low level of financial literacy, investment viability, and moral issues. However, other challenges that emanate from the banks are their rigorous screening processes and strict requirements of the banks' regulations. This is in line with the findings of Odi & Ogonna, (2014) in which he blamed the banks for making the process of lending difficult. Risk analysis in the financing process has shown that banks are more concerned with economic risk and repayment risk than sector risk, which is connected to their dependence on debt-based financing and insistence on collateral to secure the financing contract.

It is concluded that *Shari'ah* compliance is the only important and unique feature of the Islamic bank financing process that makes it different from that of conventional banks. Islamic banks' insistence of *Shari'ah* board's supervision in the financing screening process qualified them as providers of Islamic banking products. This feature of *Shari'ah* compliance posed more challenges of dual regulatory compliance to Islamic banks (Goodhart, 2015),.

Generally, there is no appreciable difference noticed between Islamic and conventional banks in terms of access to financing by small-scale agribusiness entrepreneurs, due to their over reliance on debt-based financing, high cost of financing, and insistence on collateral to secure financing. This conforms to the findings of Hardianto, Hardianto, Wulandari, & Wulandari, (2016) that despite higher intermediation ratio of Islamic banks in Indonesia, they are less efficient than conventional banks. Leon and Weill (2016) found that development of Islamic banking did not make a better impact on alleviating obstacles to financing than conventional banks in areas where conventional banks already exist, but can only serve as a substitute and alternative mode of financing.

Collateral registry may allow small scale entrepreneurs to use movable and non-movable assets like vehicles, machineries, livestock, and inventories, as collateral to obtain loans. However for now, no commercial bank is found to be considering any of the above items as collateral for financing. Nevertheless, the study of Love, Peria, and Singh, (2013), shows the impact of collateral registry as economically significant in seven other developing countries, as it increases access and reduces barriers to small businesses' financing. It is noted that in most financing options of Islamic and conventional banks, collateral or a guarantor is a requirement athough the Jaiz bank account officer insisted that, they put this condition due to morality and trust issues related to lending.

Islamic banks are also careful in selecting participatory financing partners, capable of handling businesses that can generate profit. They avoid adverse selection and moral hazards due to information asymmetry. This forced them to prefer experienced and leveraged medium and large-scale businesses as partners for profit and loss sharing financing. On the other hand, small-scale agribusiness entrepreneurs have little understanding of conventional lending and Islamic financing. Therefore, they may hardly differentiate between the Islamic financing contracts and their characteristics.

Low financing and high cost of financing realised in Jaiz Islamic bank is connected to its low deposit-base, high customers' expectation, and more encompassing risk analysis on its participatory financing process. Ismail, Ismail, Shahimi, & Shaikh, (2015), studied performance of Islamic banks towards promoting financial inclusion. They found low financing to deposit ratio and high cost of financing among Islamic banks. This high cost and low financing ratio are inconsistent with *Maqasid-e-Shari'ah*. They insisted that; there are many poor people who need finance for their small business take-up and working capital needs, similar to some informants of this study. However, Islamic banks cannot serve them using their available strength and product structure.

All banks demand security for financing in the form of collateral or a guarantor to ensure safety of investment in the event of client's mistrust, fraud, or mismanagement of funds. Based on the above challenges, one may not see differences between Islamic and conventional banks in increasing inclusion of the poor and less privileged. However, if Islamic banks can perform intermediation role while helping the society, real entrepreneurs at the community level need to be financed. This is in line with the suggestion of Hardianto, Hardianto, Wulandari, & Wulandari (2016) although the size of the Jaiz bank is a challenge. Islamic banks are not designed as charitable organisations as they are not expected to indiscriminately provide non-performing loans/financing to small-scale entrepreneurs.

5.3.4 Conclusion on challenges facing small-scale agribusiness entrepreneurs in straightening financial inclusion

Financial inclusion of small-scale agribusiness entrepreneurs is reduced by the major challenges of loan security, cost of financial services, and other economic constraints.

It is realised that; financial institutions don't have enough budgets to undertake financial inclusion strategy projects. Financial institutions themselves face some constraints. Among these constraints is the increasing inflation figure which increases cost of financing. Government also cuts its budgets to various institutions involved in financial inclusion. This cut in budgets were necessitated due to macroeconomic circumstances (Obasan, Shobayo, & Amaghionyeodiwe, 2016).

It is concluded that, most assets owned by small-scale agribusiness entrepreneurs are not acceptable by commercial banks as collateral, either because of their location or market value of the assets. While other entrepreneurs do not possess assets that banks consider as a collateral asset. Small-scale agribusiness entrepreneurs cannot present worthy individuals or institutions as guarantors to obtain loan/financing from banks. This inability to provide collateral and guarantor may be associated to their low level of financial literacy. Government in the other hand, failed to provide guarantee services to small-scale agribusiness entrepreneurs.

Entrepreneurs face the challenges of high cost of financial services from banks because cost of loans/financing is high compared to profits businesses activities generate. Therefore, there is likelihood of high repayment default due to high cost of financial services. Small-scale agribusiness entrepreneurs declared financial services as expensive, because they lack agribusiness expertise to cut cost and generate more returns. According to Abraham, (2015) this lack of agribusiness expertise is one of the features of Nigerian small-scale agribusiness entrepreneurs.

There are other economic factors that indirectly posed a challenge to entrepreneurs' access to financial services, like high cost of raw materials, competition with foreign finished products, unstable prices of local farm produce. Other problems are agriculture related, such as pest, draught, storage, skills, and cost of local transportation of farm products. Although, these challenges are not directly related to lending/financing but affects loans performance of farmers.

Many agribusiness clients do not perceive banking sector as an agent of poverty reduction and their economic development. Most of the participants (small-scale agribusiness entrepreneurs) of this study responded that, what they need is direct government's intervention to help them. They claimed that governments' intervention is the only mechanism to eradicate poverty and economic development, not bank financing. It is realised that this misconception of bank financing is largely due to banks' expensive services. This perception is justifiable by high cost of financing that cannot allow many small-scale agribusiness entrepreneurs to make enough return to benefit from bank lending business, which contributed largely to high rate of repayment default. The above conclusion is also justified by Ismail, Ismail, Shahimi, & Shaikh, (2015).

Financial literacy is generally a challenge to small-scale agribusiness entrepreneurs in developing countries. Although central banks intensify efforts to increase awareness and financial education through relevant institutions, entrepreneurs' low level of education did not even allow them to recognise their need for consumer protection and other benefits of financial literacy like bargaining power.

New contributory pension schemes are obtainable in all AFI member countries, but no social pension is available in most AFI countries. Therefore, there are no pension schemes among small-scale agribusiness entrepreneurs. This also explains the poor awareness and patronage of pension schemes. Insurance is more popular than pension schemes because it is mandatory for car owners and for loan requirements. This is mostly a feature of underdeveloped countries (Ghasemaghaei, Eslami, Deal, & Hassanein, 2016).

5.4 Recommendations

To effectively enhance the financial inclusion drive, central banks, all commercial banks, Islamic banks, and the government at all levels are expected to undertake the following recommendations:

5.4.1 Recommendations on appropriate indicators and requirements to examine financial Inclusion strategy.

In order for central banks, financial inclusion departments and other relevant agencies around the world to increase financial inclusion in the agribusiness sector, they need to observe the following:

i. Central banks are advised to use comprehensive financial inclusion indicators mentioned above to measure the extent of financial inclusion performance in their countries.

ii. It is also recommended that central banks should not neglect financial literacy, consumer protection, and technology as basic requirements for enhancing financial inclusion in their countries.

iii. Mounting up the scale of quality and competitive financial services that can serve a larger population of its adult citizens, by devising a means of identifying and reaching poorer people, particularly those living in the remotest rural areas. Some rural poor are ready and willing to work for money but are stifled by a lack of opportunities in rural areas and cannot afford the high standard of living in urban areas. Therefore, if the depth of financial service' infrastructure can be improved, the depth of their inclusion can also improve. Meanwhile, outreach, quality, and the department of financial services are some of the major indicators of financial inclusion.

iv. Payments system development. As in line with PSV 2020's objectives on the Agricultural sector, central banks should develop electronic payments methods and rural agent banking, that can aid inclusion of small-holder farmers into the financial system, enhance their access to credit, support agriculture value chain, and grow farmers' income and enhanced access to market information.

v. Promotion of financial services through agent banking, cashless banking, and branchless banking service can drive financial inclusion of the rural farmers. One of the objectives of financial system strategy (Payment system vision 2020) is to make innovative policies that can facilitate entry of non-bank agents into the financial sector, to provide delivery outlets for financial services. These agents include post offices, commodity retail shops, kiosks, pharmaceutical stores, recharge card vendors, to promote agent banking scheme. CBN needs to work hard towards provision of regulations to allow agent banking advancement. CBN should also make a provision to register virtual (branchless) banking in Nigeria.

vi. Mobile banking. All agribusiness entrepreneurs who participated in this research have mobile phones *and the EFInA survey report (2014)* showed that more than

80 per cent of farmers have mobile phones. Therefore, the use of mobile-phone technology can facilitate access to financial services, particularly, using the service of agents to enable deposits, withdrawals, payments, third-party transfer, prepaid card top-ups, and transfer of cash or airtime credit between user accounts, and payments of bills to utility service providers. However, banks cannot harness these services without a regulatory framework in place. This requires collaborative services of telecommunication companies, payment system providers, and anti-money laundering institutions.

vii. Reforming access to financing small-scale businesses' policies by channelling government credit and credit guarantee schemes to commercial financial institutions is a commendable effort. However, entrepreneurs interviewed did not see its impact yet. This may be connected to a prevalent lack of awareness of the schemes or possibly was not accessible due to the unscrupulous attitudes of some insider personnel involved.

viii. Increasing financial literacy of both banks' staff and customers, particularly agribusiness entrepreneurs. Government and all relevant institutions need to intensify efforts to scale up financial literacy. This is to enable entrepreneurs to make informed financial decisions, which involves informed choice of appropriate financing mix, consequences of making a wrong decision, knowledge of consumer rights, improved bargaining power, and seeking redress when aggrieved. Since making informed financial decisions is a function of financial literacy, and financial literacy is influenced by entrepreneurs' level of education, the government should engage in mass education and massive employment of university graduate youths on various agriculture related entrepreneurship activities, through CBN's capacity building initiative schemes. Entrepreneurs also need protection and assistance with mass awareness creation, so that they cannot become victims of predatory creditors and unscrupulous elements. Therefore, the government is required to improve its policy-making environment and biometric-based security.

ix. Consumer protection policies are in place in the global financial landscape. Customers do not have many problems with impingement of consumer rights. The interviews showed that entrepreneurs usually rely on the banks to resolve disputes internally. However, this may not be unconnected to their low level of financial education and awareness, because the majority of farmers are not even aware of the complaint handling unit of central banks. A consumer protection framework is necessary to address predatory lending activities of banks, facilitate information disclosure, fairness, confidentiality, transparency, and effective management of dispute. Therefore, the government is advised to intensify efforts on the concept of consumer protection as an increase in financial education may lead to an increase in the awareness of consumer rights. This could lead to an increased demand for more protection.

x. Central banks, pension funds administrators, and insurance companies are also advised to engage in holistic business promotion of pension and insurance as a beneficial service to its subscribers, instead of hiding behind legal requirements to do business. This is because most entrepreneurs with insurance cover are subscribers by necessity, and not by choice. Since they subscribe to car insurance to meet legal requirements, it can be inferred that they have a low level of understanding of what insurance is and how it works.

5.4.2 Recommendations on financial institutions' approach to implementing financial inclusion

Deposit money banks (DMB) or commercial banks are major contributors towards financial inclusion implementation. Therefore, it is recommended that they observe the following issues:

i. Some banks have many bureaucratic formalities before account opening and lending/financing, which creates delays in delivery of financial service. In this age of modern technology, banks are expected to be more innovative and proactive in deploying appropriate service delivery mechanism that can efficiently reduce service time. This can be done by upgrading their software, and confirmation system of customer information and instruments through modern computer-based data management systems.

ii. Technology optimization: Banks and other related institutions should improve in deployment of technological facilities like internet, ATMs, POS, smart-cards, mobile banking, modern banking software, online security, communication, banking agents, and other suitable information system facilities. This can create cost effective, efficient, and increased capacity to enable outreach to rural and remote areas.

iii. Banks should increase their allocation of loans to small-scale entrepreneurs as well as reduce formalities and requirements for lending documentation wherever possible. Banks should also advice farmers to form a group, since it is easier to obtain financing through group lending.

iv. It is recommended that banks give more emphasis on customer education and consumer protection. This is because well informed customers make better financial decisions and investments. Consumer protection services also increases customer confidence, hence, better patronage.

v. Customer identity and integrity: Individual identity is another challenge facing small-scale entrepreneurs. Most rural entrepreneurs do not have birth certificates, verifiable address numbers or valid means of identification cards. Although the national identity card, international passport, and drivers' licence are the three (3) most recognised means of identity, some entrepreneurs do not have any of the above. Therefore, banks are advised to assist prospective customers obtain valid means of identity card. This may help in tracking fraudulent activities and avoiding falsification of information. Hence, this increases KYC, integrity, and consumer protection of individuals.

5.4.3 Recommendations on process of giving out financing/loans by Islamic and conventional banks to small-scale agribusiness entrepreneurs

For Islamic and conventional banks to provide easy, convenient, and beneficial access to bank loan/financing to small-scale agribusiness entrepreneurs, the following processes are recommended:

i. Banks are recommended to relax loan/financing requirements from small-scale entrepreneurs before lending/financing. This is because, most entrepreneurs mentioned lack of collateral or guarantor as their major challenges to accessing credit from banks

ii. Islamic and conventional bank need to improve on technology and capacity optimisation, by opening more branches and modern payment system facilities like ATMs. This is to enable Islamic bankers to competitively reach more small-scale farmers through micro financing. There is also a need to collaborate with farmers' association (groups) to enable group guarantee financing.

iii. Banks should encourage customer's moral behaviours. Jaiz Islamic bank should collaborate with religious organisations to engage in admonishing individual farmers about the dangers and liability of deliberate default, rationale for building trust, and the benefits of fulfilling contractual obligations in business practice and the life after death. This may help in tackling the issues of morality and trust among small-scale farmers.

iv. It is noticed that the majority of small agribusiness bank customers that are accessing credit are doing so through debt-based financing. Despite challenges in participatory financing, the Jaiz Islamic bank is expected to shift from debt-based to equity based participatory financing, and to provide other financing options suitable for small-scale farmers like *bay-salam.*

5.4.4 Recommendations on challenges facing small-scale agribusiness entrepreneurs in straightening financial inclusion

For governments, banks and other supporting agencies to enhance financial inclusion among small-scale agribusiness entrepreneurs, the following challenges should be given priority.

i. Cost of financial services should be subsidised or lowered to its barest minimum in such a way that the low cost can benefit both the clients and financial service providers. This is because, apart from other economic circumstances like the double-digit inflation rate, the cost of financial services causes challenges that small-scale agribusiness entrepreneurs have to face. The government should also ensure that all subsidised financing/loans reach the intended beneficiaries.

ii. Loan security. The government should serve as a guarantor to groups of borrowers in agriculture. The government should also intensify efforts to actualise the practice and impact of 'National collateral registry' (NCR). Financial institutions should also consider lands and other movable assets as collateral for loans/financing.

iii. Provision of agricultural extension services. Experts' services in the related field of farming to small-scale agribusiness entrepreneurs are also necessary. This can help small-scale farmers to get adequate training on high yield and hybrid seeds, use of modern hatchery and nursing systems, as well as the use of modern and less sophisticated technology and machineries. This may enable increased output, reduce production cost, and enhance economics of scale. Therefore, entrepreneurs can get enough returns on investment.

iv. Government should fix infrastructural deficit in northern Nigeria, by provision of adequate power supply. Inadequate supply and high cost of electricity necessitated businesses to permanently use alternative sources of power like stand-by generators. This may be the reason for escalating cost of financial services, internet connectivity, and mobile services. Therefore, the government should improve power supply to reduce banks' and entrepreneurs' over reliance on stand-by generators for operations. As stated by some informants, the insufficient power and telecom infrastructure requires overhaul because, financial inclusion is increasingly leveraging on power and technology to reach the unbanked at affordable costs. Therefore, to achieve the financial inclusion objective, the government must consider the issue of power, road network, and communication sectors. Otherwise, farmers may keep on operating at high costs and incur losses. Hence, their investments would not be viable enough to attract banking services.

5.5 Contributions and implications of the study

There are practical contributions, implications and limitations found on the course of the study, as envisaged in Chapter One of this research report. The contributions, implications and limitations are discussed as follows.:

5.5.1 Theoretical contribution to knowledge

The major contribution of this research to theory is linking the relationship between variables, such as the relationship of access to financial services and performance of agribusiness entrepreneurs, relationship of financial inclusion and financial literacy, relationship of non-bank and bank inclusion, relationship of bank inclusion level and use of payment services, and access to credit as a major determinant of inclusion. This contribution is in line with the objective of inductive exploratory research.

Other contributions of this study are identifying three (3) out of many challenges to accessing financing (cost of financing, loan security, and investment viability) as the most prominent challenges among small-scale agribusiness entrepreneurs. The study also found a justification to Farma's (1980) theory of bank financing, because, Jaiz Islamic bank provides both complementary and alternative source of financing to small-scale entrepreneurs, through debt-based and PLS (*shari'ah)* compliant financing respectively. However, Jaiz Islamic bank over-relied on debt-based financing.

The study also explores financial inclusion as a strategy to achieve objectives set by the Nigerian government, with a set target of ensuring 70 per cent adults in the country has access to financial services by 2020 (EFInA survey report, 2010). This study also explores the performance of the project by studying the supposed roles of CBN and other financial institutions (DMB) towards inclusion of small agribusiness entrepreneurs, particularly access to financial services. Additionally, the study explores the imperatives to achieve the success of financial inclusion objective of 2020 and beyond. The strategy can achieve its objectives through understanding and implementing the programmes from the perspective of stake-holders based on entrepreneurs' challenges, and how financial institutions and other stake holders can tackle these challenges.

5.5.2 Practical contribution

This research is found to be the first study on financial inclusion of small agribusiness entrepreneurs in northern Nigeria. The study contributes in enlightening small agribusiness entrepreneurs towards Islamic banking and the study buttress the importance of small agribusiness entrepreneurs towards achieving financial inclusion objectives. The study enables entrepreneurs to perceive Islamic system of banking as a holistic business that is ready to serve their financing needs, provide cost effective and efficient financial services, to enable entrepreneurs to fulfil their inclusion, instead of just viewing Islamic banking system as a segment of banking that is initiated only to satisfy religious obligations alone.

This research educates small agribusiness entrepreneurs about products of financial services, Islamic banking products, and how to choose among products of Islamic and conventional banking systems, as well as how to make informed financial decisions, increases their bargaining power, and promote easy and more convenient access to funding when needed.

The study also adds clarity on the function and role of banks in financial inclusion implementation drive, among which is to provide financing to its clients in times of need. This study therefore, revealed to agribusiness clients where, when, and how to obtain financing.

Banks could use the findings of this research work to identify clients' challenges and needs towards financial inclusion process. This identification of clients' challenges and needs may enable banks to modify their services towards what the clients want and how they want it, hence, attracting more patronage. The government, on the other hand, through the financial regulators may need this research to redesign its policy and procedures on Islamic banking, credit policy, outreach, and financial literacy strategies. Finally, the study gives useful insights of how to improve financial inclusion.

5.5.3 Methodological contribution

The researcher used inductive qualitative research to explore the phenomena of financial inclusion from the perspective of major stake-holders of financial inclusion (phenomenological). This approach gives an in-depth understanding of financial inclusion, because information was gathered from informants' perspectives and understanding. Therefore, the research findings do not depend on any predesigned literature or variables.

5.5.4 Implication for further research

Further research may focus on Islamic financial inclusion alone, by comparing access to financing through participatory and non-participatory financing in the Jaiz Islamic bank. Further research may also use a longitudinal case study to follow the trend of financial inclusion among small-scale agribusiness entrepreneurs over time.

5.6 Summary of the chapter

This chapter briefly summarised the whole research work by cross-reference of responses. The chapter also made some concluding remarks and gave some recommendations on how to improve financial inclusion. The chapter also highlighted some contributions the study made to the body of knowledge and financial inclusion practices. The chapter finally showed implications of this research for further studies.

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APPENDIX

Appendix A: letters for data collection

Appendix A1: Letter of recommendation for data collection

OTHMAN YEOP ABDULLAH
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UUM/OYAGSB/R-4/4/1
12 June 2016

National Financial Inclusion Strategy Office (NFIS)
Central Bank of Nigeria (CBN)
Abuja Nigeria

Dear Sir/Madam,

LETTER OF RECOMMENDATION FOR DATA COLLECTION AND RESEARCH WORK

This is to certify that **Idris Yahaya Adamu (Matric No: 900570)** is a student of Othman Yeop Abdullah Graduate School of Business, Universiti Utara Malaysia persuing his Doctor of Philosophy (PhD). He is conducting a research entitled ***"Financial Inclusion of Small Scale Agribusiness Enterpreneurs in Northern Nigeria"*** under the supervision of Dr. Ahmad Khilmy bin Abdul Rahim.

In this regard, we hope that you could kindly provide assistance and cooperation for him to successfully complete the research. All the information gathered will be strictly used for academic purposes only.

Your cooperation and assistance is very much appreciated.

Thank you.

"KNOWLEDGE, VIRTUE, SERVICE"

Yours faithfully

NOORHANA BINTI RAMLI
Social Research Officer
for Dean
Othman Yeop Abdullah Graduate School of Business

c.c - Supervisor
- Student's File (900570)

Universiti Pengurusan Terkemuka
The Eminent Management University

Appendix A2: Request for consent to collect data in CBN

Idris Yahaya Adamu,

C/O Tauhid Adamu,

Development finance office

Central Bank of Nigeria,

Gombe Branch,

30^{th} August, 2016

The Head,

Financial Inclusion department (NFIS)

Development Finance Secreteriate,

Central Bank of Nigeria, Abuja.

Through

The Branch Controller,

Central Bank of Nigeria

Gombe Branch.

30/08/16

BRANCH CONTROLLER
CENTRAL BANK OF NIGERIA
GOMBE

Sir,

REQUEST FOR CONSENT TO COLLEC DATA BY INTERVIEW

Kindly I wish to request for your consent to allow me collect data by way of interview (verbal) from the appropriate persons in your office. The verbal interview is in respect of my PhD. Research, as stated in the attached letter.

I hereby attach the copy of the draft questions to give you an insight into the nature of the interview. I am grateful for the anticipated cooperation.

Thank you.

Yours faithfully

Idris Yahaya Adamu.

Appendix B: Interview transcripts

Banking institutions' approach to implementing financial inclusion

Informant 2 FBNBM: First bank of Nigeria Plc. bank manager

Q1 How do you ensure inclusive access to financial services by all individual adults, particularly small-scale agribusiness entrepreneurs, on the process on implementing financial inclusion?

Response 1
Customer needs and transactions' monitoring, courtesy calls, and frequent visits to ensure customer service delight as a customer retention strategy. Although we engage in marketing other prospects, but, we give priority to retaining old ones. because we have large number of customers, we first consider customers' needs and we engage in transactions' monitoring, courtesy calls, and frequent visits to our customer to ensure we retain them, by delight service. We ensure having standard branches in strategic locations to heighten our branch operations. We also try to protect our customers' funds and confidence from fraudsters and hackers by deployment of required devices and personnel, we do this to retain our name and customer network and give them efficient services. **Retention-marketing, Efficient services**

Q2 How do you ensure access to credit by your agribusiness clients, on the process of implementing financial inclusion?

Response 2
We first monitor transaction to identify worthy borrowers from our customers' business history or even from other banks' customers, by tracking interbank transaction instruments, to make sure the borrower is credit worthy. We also take extra time and effort to investigate and ensure about customers' trustworthiness and integrity. We also must envisage not only customers' repayment capacity, but, also his ability to benefit from the credit facility for sustainable relationship, at the same time the bank also benefits. At the same time, we must protect the interest of both the bank and the customers. It is our goal to make sure both bank and customers are protected. Identify worthy borrowers from our customers' business history or even from other banks' customers. We must comply with lending terms and principles to protect the interest of both the bank and the customers. We must take extra time to investigate and ensure about customers' trustworthiness and integrity. We must envisage not only customers' repayment capacity, but, also his ability to benefit from the credit facility, for sustainable relationship. **Identify-creditworthy borrowers**, **Protect-parties, Sustainability,**

Q3 How do you ensure compliance to know your customer (KYC) regulations by your small-scale agribusiness customers?

Response 3

The regulation demands that we undertake uniform KYC requirements from all customers, at the time of opening account. There should be no waiver on all necessary documentation requirements. We also do tactical investigation and close monitoring on unusual or high-volume transactions, as well as suspicious customers or transactions, to ensure safety. We do it in a way customer may not even realise our action. **Uniform-KYC, Protective investigation**

Q4 How do you implement comprehensive consumer protection of your small-scale agribusiness customers?

Response 4

We make transparency our watch dog. When discussing with our customer, all relevant information related to financial product or transaction, we open-up every cost and benefit that may eventually occur. We also give customer the rights to use language he can understand on business process, so that we can understand one another, we even explain in detail where a clause is in English and he cannot read and understand it clearly. **Transparency**, **Understanding**, **Conflict**

Q5 How do you develop and implement financial literacy framework to increase financial education of your small-scale agribusiness customers?

Response 5

We extend knowledge and understanding of financial services through print, audio, visual, and internet based media houses through news and current affairs, paid advertisement, or social media interactions. Our staff educate customers through discussions and usual interactions. **Media-houses, Face to face**

Q6 What challenges do you often face on implementing financial inclusion of small-scale agribusinesses?

Response 6

Bank level and CBN regulatory constraints on KYC compliance and other documentation issues must be observed. though, policies are made to protect, but, bank and CBN regulations creates constraints in some situations, sometimes we can see a prospect, but to comply with policy, we must be careful and follow due process. Our customers are complaining about cost of financial services, although we confirm that, it is not peculiar to our bank. Meanwhile, we don't want to hear customers complaining. **Compliance, Cost complaints**

Q7 What effort are you putting to overcome these challenges?

Response7

well, we just must comply with regulations no matter the circumstances to protect the interest of all parties concerned. Nevertheless, we manage customer any-how, it is our job. Despite all constraints, we try our possible best to see how we can serve customers better and make them happy, because we prioritise customer service. **Compliance, advice customers**

Informant 3 UBABM: UBA Plc. bank manager

Q1 How do you ensure inclusive access to financial services by all individual adults, particularly small-scale agribusiness entrepreneurs, on the process on implementing financial inclusion?

Response 1

We engage in reference marketing, and transaction tracking to strategically identify prospective customers, in or outside of our bank. We deploy modern technology, frequently upgrade our systems and software, and source for alternative power source. We also deploy modern technology, we frequently upgrade our systems and software, modern payment systems, and we prepare for alternative power source, to avoid failure. We also have specialised departmentation of personnel and tools that can serve all customers' needs. We also have specialised departmentation. **Reference-marketing, Modern technology**

Q2 How do you ensure access to credit by your agribusiness clients, on the process of implementing financial inclusion?

Response 2

We make close observation on clients' business activities to see if there is a financing needs in their business and we also observe what they want from their record of business and financial accomplishment, sometimes we don't wait un-till customer ask for credit, if he deserve it we make offer. Ensure clients can and make prompt and timely repayment as contained in the terms of credits. Offer repeat loans to worthy borrowers, so long as they have viable business to invest the funds. We shall be advising our customers for business expansion, if they are interested in our financing. Particularly those that are doing well**. Observe needs, Repayment**, **Repeat-loan**, **Business expansion**

Q3 How do you ensure compliance to know your customer (KYC) regulations by your small-scale agribusiness customers?

Response 3

We are obliged to make proper documentation on account opening, lending, and high-volume transactions. We also confirm addresses, information, and documents of customer periodically. The investigation is to verify information, to ensure correctness and up to date. **Proper-documentation**, **Verification**

Q4 How do you implement comprehensive consumer protection of your small-scale agribusiness customers?

Response 4

We try to be open and transparent during negotiations, and on terms and conditions of business contracts with customers, to avoid any ambiguity or misunderstanding that can result to mischief or conflict. We also protect customers' information and transactions against third-party intervention, against fraudsters, and hackers or any unauthorised person or party. We try to avoid customers' complaints, and we make prompt response to customers' complaints and resolve the issue appropriately. **Openness, Confidentiality, Complaints handling.**

Q5 How do you develop and implement financial literacy framework to increase financial education of your small-scale agribusiness customers?

Response 5

We enlighten our walk-in customers during service delivery through audio-visual display in banking hall. We use Handbills, pamphlets, leaflets, fliers, brochure, magazines, annual reports, and advertisements to enhance financial literacy. **Bankhall- display, Print-documents.**

Q6 What challenges do you often face on implementing financial inclusion on small scale farmers?

Response 6

You know every institution has its own policies and guide-lines to regulate risk and possible losses, our institutions' guidelines are too strict. Some-times the entrepreneurs' financial strength may not be enough for us to offer what they request in terms of you know, like collateral, business plan and profitability and you know, because of their level of understanding of how things are, they may not reason with us

Q7 What effort are you putting to overcome these challenges?

Response 7

We always try our best to see how we can serve customers better, no matter the situation, it is our priority. We don't let our customers down or allow them turn back to our competitor, we find a way of manging them. At the same time, we try to educate customers, on how things are, and the procedures of doing business so that they can reason with us where we did not meet up with their expectation.

Informant 4 JAIZBM: Ja'iz bank manager

Q1 How do you ensure inclusive access to financial services by all individual adults, particularly small-scale agribusiness entrepreneurs, on the process on implementing financial inclusion?

Response 1

We engage in customer mobilization by house to house and visits to business premises of our present and prospective customers, to see every-one, regardless of religion, age, or gender has account with us, so that we can make the whole financial system of the country Islamic. **Mass-marketing**

We also optimise our service capacity through staff training and development, sufficient tools, branch network and appropriate deployment of resources, to enable us financially include every Nigerian. **Optimum-capacity**

Q2 How do you ensure access to credit by your agribusiness clients, on the process of implementing financial inclusion?

Response 2

when it comes to financing, we are obliged to monitor business performance to make sure things are going on a right way and client is complying with *Sharia'h* principles. Our financing committee at branch level, at any time shall ensure thorough risk management and analysis process, before we forward proposals to higher committees at head office, to ensure compliance, for all forms of financing type. **Compliance**

always monitor appropriate funds' utilisation to the right business investment, in which the funds are meant for, so that they can avoid funds' diversion, misappropriation, and possible business failure. We are also obliged to always monitor the borrowers, because, you know when they hear 'Islamic bank, some of them assume we are not as prudent as other banks. Therefore, we should protect the bank. **Moral-hazard, Utilization**

Q3 How do you ensure compliance to know your customer (KYC) regulations by your small-scale agribusiness customers?

Response 3

Extra- search should be made on customers' personal life, integrity, and background, to had better understanding of our business partner and his needs. We do extra search on customers' personal life, integrity, and background, to have better understanding of our business partner and his needs, but the customer may not know we are doing search, but we do it ethically with-out harm. **Extra search**

The financial capacity and character of prospective borrowers should be investigated to prevent bank and customer from undue loss and bankruptcy, respectively. **Risk-based-KYC**

Q4 How do you implement comprehensive consumer protection of your small-scale agribusiness customers?

Response 4

We openly discuss all matters related to business transaction with customers, for disclosure purpose. We also describe features, usage, cost, and benefits of financial products to customers, as well as *Shari'ah* implications for that product. Openly disclosure and describe features, usage, cost, and benefits of financial products to customers. We also ensure fair prices and terms favourable to bank and customers. Islamic ethics are our guiding principles in business, to ensure pleasant relationship with customers. **Disclosure, Fairness, Ethics**

Q5 How do you develop and implement financial literacy framework to increase financial education of your small-scale agribusiness customers?

Response 5

We raise awareness through the services of telecommunication companies by sending short voice and text messages**. Handsets**

We indiscriminately respond promptly to customers' enquiries, and give additional information to increase enlightenment. **Requests**

Q6 What challenges do you often face on implementing financial inclusion on small scale farmers?

Response 6

Majority of farmers has little awareness, understanding and literacy on financial services, little awareness, and understanding of how Islamic finance works. Therefore, literacy on financial services, more especially knowledge of Islamic financing is very challenging. Some customers generally, not only farmers have problem of moral hazard; they try to see how they can out-smart us to go away without repayment. **Illiteracy, Moral hazard**

Q7 What effort are you putting to overcome these challenges?

Response 7
Some-times, there is nothing we can do, rather, we just must comply with regulations, be vigilant and listen well to customers and bank, despite all circumstances. Some sometimes we patiently try one on one financial education and enlightenment to our customers during interactions as we discuss business. Some-times, there is nothing we

can do, rather, we must comply with regulations, be vigilant and listen well to customers and bank, despite all circumstances. **Financial education, Compliance**

Process of giving out financing by Islamic and conventional banks

Informant 5 FBN* Account officer*: First Bank account officer

Q1 What is the criteria for straightening your relationship with customers to enable them get credit/financing in your bank?

Response 1

We use the time of established business relationship to be familiar with customers, in terms of their background, so that we can know better who we are dealing with. If we identify worthy borrowers, establish long term sustainable relationship with them, then we can confidently give them loans. As we do business, we identify worthy borrowers through established long-term banking relationship with them. We can verify their financial capacity through their account turn over, income, and business profitability, so that we can establish long term sustainable relationship with them. **Identify worthy**

Q2 What process do you use to collect applications for credits from your small-scale customers? offer and negotiate financing/lending needs.

Response 2

We review comprehensive business plan and proposal submission from clients. **Business plan**

Q3 What process do you use to screen small-scale customers' loan application?

Response 3

We consider ability of clients and their business to provide collateral or guarantor to secure the loans. **Security**

Q4 How do you work to ensure compliance on the process of lending?

Response 4

We should ensure complying to lending terms as advised by credit committee**.** **Lending terms**

Q5 What is your procedure for cash disbursement to successful loan applicants?

Response 5

We ensure repayment source and modalities before disbursement. **Repayment source**

Q6 How do you monitor loans after disbursement to clients to ensure repayment? follow-up mechanism

Response 6

we visit our customers frequently, including borrowers. So, it serves as a way of monitoring business or lending performance. **Frequent visits.** But, we feel more secured with group lending to small scale borrowers. Easy monitoring process and better chances of repayment is the rationale for our preference to group lending. Even loan requirements from group borrowers are more flexible compared to individual borrower. In case of group lending, we deal with only the group leader. **Group lending**

Q7 What are the major challenges that confront you on the process of financing agribusiness clients' needs?

Response 7

Well, some customers, you know, despite their proven illiteracy, they are trying to bring some unhealthy behaviours on the course of doing business which result in moral hazard issues. **Moral hazard**

In some other cases, because of the risk associated with agricultural related losses like draught and diseases may not allow me to give loan directly on agricultural products without collateral, though we use our discretion in some cases, based on surrounding circumstances. **Collateral**

And some of the investments they propose is not seen as viable investment projects by the bank's credit committee, so they cannot get loans, unless if we can make some changes. **Viable investment**

Q8 How do you over-come these challenges on the process of giving credits to your customers?

Response 8

One must be vigilant and pay attention to details, and do all that is required by policy without putting emotions or compromise and just advise them accordingly. **Advice customers**

Informant 6 UBA* Account officer*: UBA Plc. account officer

Q1 What is the criteria for straightening your relationship with customers to enable them get credit/financing in your bank?

Response: Familiarity with clients' background and his business, on bank-customer long-term business relationship, we need familiarity with clients, in terms of the type of business they engage in. With established relationship, we may identify the business customer is into, and verify the authenticity of the business, to avoid financing illegal or unhealthy business with prior business relationship, we can get a picture of our customer's skills as it relates to the business he is engaged in. This will enable us avoid financing quack businesses. **Familiarity**

Q2 What process do you use to collect applications for credits from your small-scale customers? offer and negotiate financing/lending needs

Response: 2

Collect application documents and negotiate terms and rates. **Discuss loan offer**

Q3 What process do you use to screen small-scale customers' loan application?

Response: 3

We consider creditworthiness of clients to substantiate their character**. Character**

Q4 How do you work to ensure compliance on the process of lending?

Response: 4

We ensure compliance to CBN set rules of lending to clients. **CBN rules**

Q5 What is your procedure for cash disbursement to successful loan applicants?

Response: 5

When we finish our homework, we disburse cash promptly. **Cash payment**

Q6 How do you monitor loans after being disbursed to clients, to ensure repayment, that is your follow-up mechanism?

Response: 6

Account officer keep monitoring borrowers to ensure client business progressively performing well**. Business progress**

Q7 What are the major challenges that confront you on the process of financing agribusiness clients' needs?

Response: 7

You know, most farmers are illiterate, particularly on issues related to financing, they expect it as a help not a business, while the bank is expecting benefits from the lending. Another issue is, many farmers do not have a tangible and workable collateral that bank management can accept as a security for loan, they cannot as well bring a trustworthy and capable guarantor

Q8 How do you over-come these challenges on the process of giving credits to your customers?

Response 8

I must emphasize on collateral due to risk associated with agricultural losses like draught and diseases, and I always advice customer appropriately on what he can do to obtain loans.

Informant 7 JAIZ* Account officer*: Ja'iz bank account officer

Q1 What is the criteria for straightening your relationship with customers to enable them get credit/financing in your bank?

Response 1

We engage in long term relationship to identify clients' financing needs. While a customer maintains his account transactions with us over time, we can know the type of business he is doing, and we shall identify clients' financing needs and match it with an appropriate financing package that can suit his business financing needs. We are also interested in the integrity of a customer over a period of banking relationship. This enables us to identify if the customer is worthy of getting credit from our institution. **Identify needs, Identify integrity**

Q2 What process do you use to collect applications for credits from your small-scale customers, offer and negotiate financing/lending needs.

Response 2

We first identify and understand and use suitable financing option for customers' financing needs. **Suitable option**

Probe: What financial products do you specially prefer for small-scale agribusiness entrepreneurs?

Response: We have many financing products that suits small-scale agribusiness entrepreneurs like *Salaam***,** but and to the best of my knowledge, in this branch, we never offer *Salaam* financing.

Probe: Why?

Response: Because presently there is no organised formal market for farm products, there are a lot of uncertainties in dealing with agricultural produce like unstable farm output and prices.

Probe: How do you offer different forms of Islamic financing products to customers?

Response: Depends on the financing needs of our customers, we do not classify products based on their technical names as given by *Shari'ah*, rather, we package products based on financing needs of customers. In each financing need we apply suitable financing option and make sure we comply with *Shari'ah* principles. Although we have some branded products specially packaged, such as: "*Ja'iz* Auto *Ijarah*".

In some other situations, when we envisage a need for a suitable financing option for a customer, we try to understand the reasons for financing needs and we use suitable financing option for the client, and we make an offer to him immediately, without waiting for him to apply for the financing. Once he accepts the offer, he then makes an application

Q3 What process do you use to screen small-scale customers' loan application?

Response 3

We make comprehensive risk analysis of lending proposals and make visits. **Risk analysis**

Q4 How do you work to ensure compliance on the process of lending?

Response 4

We prioritise compliance to *Shari'ah* principles as set by *shari'ah* committee. ***Shari'ah* issues**

Q5 What is your procedure for cash disbursement to successful loan applicants?

Response 5

We advise customers on how to undergo financing projects. **Undergo financing.** We do not give customer cash in most of our modes of financing, we make payment to vendor directly, for instance, in Jaiz working capital finance, we pay merchant for the inventory a customer is supplying. Meanwhile customer's contribution must be in his account before we pay. **financing**

Q6 How do you monitor loans after disbursement to clients to ensure repayment? follow-up mechanism

Response 6

We shall be working together as partners in progress, within financing period to ensure progress. **Work jointly**

Q7 What are the major challenges that confront you on the process of financing agribusiness clients' needs?

Response 7

Most farmers do not have a tangible and workable collateral that bank management can accept as a collateral, for financing option that require collateral. Most of the investments they propose is not seen as viable investment projects or is considered too risky by the bank's appraisal committee, so they cannot get funding. Another issue is outreach and access to their farms and homes, it is a problem because they usually live outside main city, so frequently visiting them is not cost effective to the bank and they complain on cost of services.

Q8 How do you over-come these challenges on the process of giving credits to your customers?

Response 8

We usually advise customers to bring and present a trustworthy and capable guarantor is easier that producing a collateral. We also advice customers on better financing alternative than they though. In case of distance, it is likely to increase cost of financing to the client.

Challenges facing small agribusiness entrepreneurs in straightening financial inclusion.

Informant 8 AGENA1: Agribusiness entrepreneur with no bank account (unbanked)

Access to banking services:

Q1. Do you operate a bank account?

Response 1. No

Q2. What are the reasons that you do not have a bank account?

Response 2. I don't keep cash (Voluntary exclusion) and also, I live far away from bank (Involuntary exclusion) so, there is no need having bank account

Q3. What challenges do you have generally about finance issues?

Response 3. My challenge is seasonality of our farm output, because we harvest ones every year, which affect our cash flow and liquidity. Therefore, except at harvest period we may not have excess money to save, and when we sell our farm output, we use the proceed to buy next season's farm input and other household demand, instead of saving. **Economic factor**

Q4. Do bankers ever ask you to open an account with them?

Response 4. Never seen any to my house or farm

Q5. How do you save part of your income for future use?

Response 5. We do local savings trips (Adashe: periodical contribution to one member per period)

Q6. If you want send money to or receive from another person, how do you do that?

Response 6. I can make the payment or receive it on cash basis

Q7. How do you access additional funding when you need it?

Response 7. Personal funds from my savings and selling my assets

Access to insurance services:

Q8. What do you know about insurance services?

Response 8. I don't know how it works

Q9. Do you have any insurance policy?

Response 9. Only car insurance

Access to pension services:

Q10. What do you know about pension services?

Response 10. It is a salary paid to old government workers.

Q11. Do you have a pension account?

Response 11. No

Extent of agribusiness entrepreneurs' financial literacy:

Q12. What do you know about account opening documentation?

Response 12. I don't know anything about it

Q13. What do you know about payment terminals like ATMs?

Response 13. It is machines that pay money, I have seen a friend using it several times

Q14. What do you know about bank credit/loans/financing requirements?

Response 14. It is a loan with interest, which is not good in Islam

Q15. What do you know about Islamic financial system?

Response 15. They say is a bank that is given money without interest. That is all I know

Q16. What do you know about banking regulations and policies?

Response 16. I don't know that one

Q17. What do you know about business finance decision making?

Response 17. It is a means of deciding how to source money for your business

Institutions' efforts on enhancing financial inclusion:

Q18. How do you see effort of government on poverty reduction programmes?

Response 18. Government supposed to bring back agricultural products' marketing board like some years back.

Q19. How do you see effort of government on the provision of credit schemes?

Response 19. They say bank of agriculture is doing that, but, I have never tried accessing loans in my life

Q20. How is the effort of banks or government on the issues increasing public awareness of financial services?

Response 20. Maybe they are doing it in towns, me I am always busy in my farming activities and I don't listen to radio or television.

Informant 9 AGENA2: Agribusiness entrepreneur with no bank account (unbanked)

Access to banking services:

Q1. Do you operate a bank account?

Response 1. Never

Q2. What are the reasons that you do not have a bank account?

Response 2. My brother has account (voluntary exclusion) and he can do anything I need for me. While, opening account requires supporting documents that I don't have (Involuntary exclusion)

Q3. What challenges do you have generally about finance issues?

Response 3. Government aid in the form of poverty alleviation funds don't reach us. Politicians are diverting the funds for their selfish interest, which makes us to lose confidence in both the government and its institutions. **Confidence**

Q4. Do bankers ever ask you to open an account with them?

Response 4. Never

Q5. How do you save part of your income for future use?

Response 5. I save my excess money at home

Q6. If you want send money to or receive from another person, how do you do that?

Response 6. I can call my brother that has account to do that for me

Q7. How do you access additional funding when you need it?

Response 7. Friends and relatives can give me if I need

Access to insurance services:

Q8. What do you know about insurance services?

Response 8. I only know it as a paper in vehicles' documents, I don't know how it works

Q9. Do you have any insurance policy, even for car?

Response 9. Only car insurance, yes

Access to pension services:

Q10. What do you know about pension services?

Response 10. I am just hearing the work pensioners only as old workers

Q11. Do you have a pension account?

Response 11. No

Extent of agribusiness entrepreneurs' financial literacy:

Q12. What do you know about account opening documentation?

Response 12. They ask you picture, signature as if going for Hajj, you when going for hajj they ask many questions and papers

Q13. What do you know about payment terminals like ATMs?

Response 13. They are modern way of taking your money anytime you like

Q14. What do you know about bank credit/loans/financing requirements?

Response 14. Bank giving money as loan, you pay higher amount later. How they do it I don't know.

Q15. What do you know about Islamic financial system?

Response 15. It is a way of doing financial transaction without interest charges

Q16. What do you know about banking regulations and policies?

Response 16. I understand your question but I cannot explain

Q17. What do you know about business finance decision making?

Response 17. Is left to everyone to decide how to make business and get money.

Institutions' efforts on enhancing financial inclusion:

Q18. How do you see effort of government on poverty reduction programmes?

Response 18. Government is not serious about making sure their aid reaches the intended beneficiaries

Q19. How do you see effort of government on the provision of credit schemes?

Response 19. Even if government give funds as credit, the beneficiaries cannot pay back, government is no longer giving loans.

Q20. How is the effort of banks or government on the issues increasing public awareness of financial services?
Response 20. I don't care about all those things they say, I don't even listen to them

Informant 10 AGENA3: Agribusiness entrepreneur with no bank account (unbanked)

Access to banking services:

Q1. Do you operate a bank account?

Response 1. No, for now

Q2. What are the reasons that you do not have a bank account?

Response 2. I had account before, but now I am not using it (voluntary exclusion). It involves some expenditures, that is why I left it (involuntary exclusion)

Q3. What challenges do you have generally about finance issues?

Response 3. I don't have confidence in the whole banking system, they can never help you, they either deceive you to open account or exploit your money, or worst you fall in to the hands of fraudsters disguising as bankers or government agents to assist farmers. **Confidence**

Q4. Do bankers ever ask you to open or activate your account with them?

Response 4. Yes, they do even recently

Q5. How do you save part of your income for future use?

Response 5. I can buy some liquid non-perishable assets and keep, when I need cash, I can sell even at profit.

Q6. If you want send money to or receive from another person, how do you do that?

Response 6. We do our transactions on cash basis. If necessary, I can send it to his account or receive through some-ones' account.

Q7. How do you access additional funding when you need it?

Response 7. I only what I have for my business, if it became necessary, I have many assets to sell

Access to insurance services:

Q8. What do you know about insurance services?

Response 8. I know it as a sibling brother to gambling, that is just it. Because they have resemblance.

Q9. Do you have any insurance policy?

Response 9. Only car insurance, which compulsory by government law

Access to pension services:

Q10. What do you know about pension services?

Response 10. It is a benefit for retired workers.

Q11. Do you have a pension account?

Response 11. No

Extent of agribusiness entrepreneurs' financial literacy:

Q12. What do you know about account opening documentation?

Response 12. They are requirements banks ask you to bring as evidence that the account is your own, like photo passport, identification card

Q13. What do you know about payment terminals like ATMs?

Response 13. I just know they pay cash using card

Q14. What do you know about bank credit/loans/financing requirements?

Response 14. I don't know how they operate loans

Q15. What do you know about Islamic financial system?

Response 15. This is banking without interest

Q16. What do you know about banking regulations and policies?

Response 16. It is laws guiding banking business, I don't know any law about banking

Q17. What do you know about business finance decision making?

Response 17. It is thinking how to get money and how to invest the money to make profit

Institutions' efforts on enhancing financial inclusion:

Q18. How do you see effort of government on poverty reduction programmes?

Response 18. State government is selling fertilizer to us, at a subsidised rate, but is not in sufficient quantity,

Q19. How do you see effort of government on the provision of credit schemes?

Response 19. Government loans is for connected individuals, unless you know someone close to government.

Q20. How is the effort of banks or government on the issues increasing public awareness of financial services?

Response 20. Yes, they do a programme called “money matters” in a radio station, but my concern is to listen to a programme called “Modern farming” I like the programme, very educative.

Informant 11 AGENA4: Agribusiness entrepreneur with no bank account (unbanked)

Access to banking services:

Q1. Do you operate a bank account?

Response 1. No

Q2. What are the reasons that you do not have a bank account?

Response 2. I don't keep cash, because the more I get the more I reinvest (voluntary exclusion), and people say you must produce some supporting documents that are difficult to get, (involuntary exclusion), and I don't have excess cash as well to keep as well.

Q3. What challenges do you have generally about finance issues?

Response 3. Despite all our hard-work, sometimes demand of our output may be low, and when I say I can operate a bank account, it cost me much money for all the documents they need and charges they have, and there is no benefit in banking business except for bank loans. Bank loans are expensive, you can hardly benefit and repay loans. **Economic-factor Cost**

Q4. Do bankers ever ask you to open an account with them?

Response 4. Never

Q5. How do you save part of your income for future use?

Response 5. Revolves all my money in my farming and other businesses

Q6. If you want send money to or receive from another person, how do you do that?

Response 6. I use cash payment, if necessary by bank, I can get someone to do that for me

Q7. How do you access additional funding when you need it?

Response 7. Credit purchases and cash advance for sales

Access to insurance services:

Q8. What do you know about insurance services?

Response 8. I don't know how it works

Q9. Do you have any insurance policy?

Response 9. No, do you have a car? Yes, Is the car not insured? I don't know.

Access to pension services:

Q10. What do you know about pension services?

Response 10. I don't know anything about it

Q11. Do you have a pension account?

Response 11. No, I don't know how it works, I just hear the name

Extent of agribusiness entrepreneurs' financial literacy:

Q12. What do you know about account opening documentation?

Response 12. I don't know anything about bank activities, since once I heard about the difficulty of opening bank account, I lost interest in it.

Q13. What do you know about payment terminals like ATMs?

Response 13. Nothing, as well, I have no knowledge of banking services

Q14. What do you know about bank credit/loans/financing requirements?

Response 14. Loans is begging for someone to give you money to pay in future, but how they do it I don't know

Q15. What do you know about Islamic financial system?

Response 15. I don't know how it works, but, I know is also a bank

Q16. What do you know about banking regulations and policies?

Response 16. I don't know that one too

Q17. What do you know about business finance decision making?

Response 17. My decisions depend on what I need, I am always deciding good things that make my farming activities better

Institutions' efforts on enhancing financial inclusion:

Q18. How do you see effort of government on poverty reduction programmes?

Response 18. All we need is peaceful life, free of violence and robbery, if government can increase security, we can fight poverty ourselves.

Q19. How do you see effort of government on the provision of credit schemes?

Response 19. Government gives only free money not credits, although I never get money from government, but, politicians and government workers do.

Q20. How is the effort of banks or government on the issues increasing public awareness of financial services?

Response 20. I cannot testify to anything like that, because is not what I am interested in.

Informant 12 AGENA5: Agribusiness entrepreneur with no bank account (unbanked)

Access to banking services:

Q1. Do you operate a bank account?

Response 1. Yes, I have, but, not using for long almost two years

Q2. What are the reasons that you do not have a bank account?

Response 2. I should be travelling for cash deposit or withdrawal, which unnecessarily cost me transportation money (voluntary exclusion). I also live far away from bank, it was a friend that induce me to open and I did not see its use to me (involuntary exclusion)

Q3. What challenges do you have generally about finance issues?

Response 3. Look at where we live, so far away from bank branch, if for any demand for cash, I should go to main town, the cost of banking will be too much on me. Therefore, we can keep living on our income and local mode of savings. **Cost**

Q4. Do bankers ever ask you to open an account with them?

Response 4. Yes, they even call me recently to reactivate my account, but I am not interested for now

Q5. How do you save part of your income for future use?

Response 5. Revolves in my farming and local business also keep assets

Q6. If you want send money to or receive from another person, how do you do that?

Response 6. I can only do that on cash basis only

Q7. How do you access additional funding when you need it?

Response 7. My business associates or buyers of my farm products can give me and I have what I need for now

Access to insurance services:

Q8. What do you know about insurance services?

Response 8. Nothing, I just hear the word from my vehicle drivers

Q9. Do you have insurance service?

Response 9. I don't know anything about it, except as vehicle and I don't have it.

Access to pension services:

Q10. What do you know about pension services?

Response 10. When someone work for many years, they give him pension.

Q11. Do you have a pension account?

Response 11. No

Extent of agribusiness entrepreneurs' financial literacy:

Q12. What do you know about account opening documentation?

Response 12. I don't know anything about it

Q13. What do you know about payment terminals like ATMs?

Response 13. It is a way of getting money from bank even at night

Q14. What do you know about bank credit/loans/financing requirements?

Response 14. I only know credits in business, but I don't know how banks do their own, but I know they give people

Q15. What do you know about Islamic financial system?

Response 15. They say is banking without interest, that is all I know

Q16. What do you know about banking regulations and policies?

Response 16. I don't know that one

Q17. What do you know about business finance decision making?

Response 17. You mean how to get money on business or investment? Everyone knows that one.

Probe Q. I mean, on what criteria do you make finance related decisions?

Probe response: With this my age, and experience, I use my common sense based on market conditions

Institutions' efforts on enhancing financial inclusion:

Q18. How do you see effort of government on poverty reduction programmes?

Response 18. What they give in that programme if too small, and there are many people expecting to benefit from it. Our local government chairman once gave me two slots for the poverty reduction programme, so I gave it to my boys, it is too politicised.

Q19. How do you see effort of government on the provision of credit schemes?

Response 19. Government don't give loans in this State, to the best of my knowledge.

Q20. How is the effort of banks or government on the issues increasing public awareness of financial services?

Response 20. They are engaging in political campaigns; radio stations are busy on Local government chairmanship political campaigns. I don't hear them discussing finance issues on media.

Informant 13 AGENA6: Agribusiness entrepreneur with no bank account (unbanked)

Access to banking services:

Q1. Do you operate a bank account?

Response 1. No

Q2. What are the reasons that you do not have a bank account?

Response 2. My brother has account, I don't need it any more (voluntary exclusion), if every one of us should have, then we did not enjoy brotherhood. After all, it involves some expenditures.

Q3. What challenges do you have generally about finance issues?

Response 3. My major challenge is price instability of our farm outputs and increasing cost of inputs. So, due to price fluctuations, sometimes we are not making profit, even if we are lucky the harvest is good. **Economic factor**

Q4. Do bankers ever ask you to open an account with them?

Response 4. Never

Q5. How do you save part of your income for future use?

Response 5. Have trusted persons to keep for me

Q6. If you want send money to or receive from another person, how do you do that?

Response 6. My brother that operate account can do all that for me, when necessary

Q7. How do you access additional funding when you need it?

Response 7. Credit purchases or cash advance for sales

Access to insurance services:

Q8. What do you know about insurance services?

Response 8. As part of vehicle registration documents.

Q9. Do you have any insurance policy?

Response 9. Yes, my car has insurance particulars

Access to pension services:

Q10. What do you know about pension services?

Response 10. It is a salary paid to aged government workers.

Q11. Do you have a pension account?

Response 11. No

Extent of agribusiness entrepreneurs' financial literacy:

Q12. What do you know about account opening documentation?

Response 12. I don't know anything about it

Q13. What do you know about payment terminals like ATMs?

Response 13. I know ATM machine but I don't know how to use it.

Q14. What do you know about bank credit/loans/financing requirements?

Response 14. Banks gives money to people for some years and you repay higher amount

Q15. What do you know about Islamic financial system?

Response 15. Banking for Muslims and they help Muslims with money

Q16. What do you know about banking regulations and policies?

Response 16. I don't know that one

Q17. What do you know about business finance decision making?

Response 17. It is a means a business man chooses what is good for him to improve his business

Institutions' efforts on enhancing financial inclusion:

Q18. How do you see effort of government on poverty reduction programmes?

Response 18. I did not see any tangible effort, it is just a name

Q19. How do you see effort of government on the provision of credit schemes?

Response 19. I don't know how. But, they say the bank for farmers gives loan to farmers, I never know where it is

Q20. How is the effort of banks or government on the issues increasing public awareness of financial services?

Response 20. I never know any programme like that, except radio programmes.

Informant 14 AGEA1: Agribusiness entrepreneur having bank account but, not accessing credits

Access to banking services:

Q1. Do you have a bank account?

Response 1. Yes, I have savings account

Q2. How do you use an ATMs for bank transactions?

Response 2. I have card, I make cash withdrawals. Anytime I need

Q3. How do you use POS machine for bank transactions?

Response 3. I know it in shops, but, never use it

Q4. How do you use internet banking services?

Response 4. I don't even know how it works

Q5. How do you use mobile banking services?

Response 5. I receive alert for my transactions and many messages from the bank. Particularly information on latest developments through text message.

Access to bank credit:

Q6. Do you ever request for bank loan/financing from your bank?

Response 6. No, I never requested for loans

Q7. Why you never request for bank loans/financing?

Response 7. I don't need loans, because even if I try, I can hardly get. Meanwhile, I am afraid of stress in credits (aversion), I prefer to be contented with the little money I have, and make it grow slowly. **Don't need loans**

Q8. What do you want banks or government to do for you, to increase your access to loans?

Response 8. What we need from government is constant electrical power supply, we can make the rest ourselves.

Q9. How was the effort of your account officer towards access to credits?

Response 9. He did not do any appreciable effort to help me, after all he wasted my time

Access to insurance services:

Q10. What do you know about insurance services?

Response 10. I know a little about NHIS, it is like you are not feeling well, they treat you.

Q11. Do you have any insurance policy?

Response 11. No.

Access to pension services:

Q12. What do you know about pension services?

Response 12. Who work and retired gets benefits, for their past labour

Q13. Do you have a pension account?

Response 13. No. until I get employment in government or company, if possible.

Entrepreneurs' consumer protection:

Q14. What do you know about your rights, privileges and need for protection, as a customer in banking relationship?

Response 14: If I can get my money when I need it, and the exact amount I need, I think there is nothing more. **Know Nothing**

Q15. What action have you ever noticed in your banking relationship by your bankers, that you totally disagree with it?

Response 15: Long queues and delays in service is what I hate most. **Queues and delays**

Q16. If your bankers did something that you don't like, where do you channel complains, to seek redress?

Response 16: I will go and meet branch manager of the bank, I think he will act. **Branch manager**

Q17. How do you see the effort of your bankers towards protecting your interest as a consumer?

Response 17: Even the way they listen to our complaints testify their effort, although, they do so to get our money not for our own sake. **Little effort**

Extent of agribusiness entrepreneurs' financial literacy:

Q18. What do you know about account opening documentation?

Response 18. It is just some set of papers you need to fill your details and bring copies of your identification and passport

Q19. What do you know about payment terminals like ATMs?

Response 19. You can use a ATM machine to withdraw cash, make deposit and transfers

Q20. What do you know about bank credit/loans/financing requirements?

Response 20. Before bank give you loans, you must bring collateral and they must know you very well

Q21. What do you know about Islamic financial system?

Response 21. It is a system of banking that comply with teachings of Islam. They do only what Islam allowed

Q22. What do you know about banking regulations and policies?

Response 22. It is laws that states how to do banking business, and states what is not allowed in banking.

Q23. What do you know about business finance decision making?

Response 23. Making good thinking about how to source money and how to spend money

Institutions' efforts on enhancing financial inclusion:

Q24. How do you see effort of banks and government in providing financial service facilities in your area?

Response 24. We have all that is needed for banking services here, the only thing is bank is usually for the rich people

Q25. How do you see effort of government on poverty reduction programmes?

Response 25. State government is giving women priority in distributing poverty reduction funds, through wife of governor and ministry of youths and women affairs. I applied for 'Youwin' programme and they did not call me training.

Q26. How do you see effort of government on the provision of credit schemes?

Response 26. I have applied twice, through CBN to get loan they said, I should go to Union bank Plc. You know, if I go union bank they can ask me for collateral, which I don't have.

Q27. How is the effort of banks or government on the issues increasing public awareness of financial services?

Response 27. CBN and some nongovernmental organisations are trying their best, more especially through social media

Informant 15 AGEA2: Agribusiness entrepreneur having bank account but, not accessing credits

Access to banking services

Q1. Do you have a bank account?

Response 1. Yes, I have, is savings account

Q2. How do you use ATM for bank transaction?

Response 2. I use ATM machine for cash withdrawals, but not frequently, because I am afraid of cash dispense error.

Q3. How do you use POS machine for bank transaction?

Response 3. I tried using it once for shopping, it failed because of network failure, so I never used it again.

Q4. How do you use internet banking services?

Response 4. I never even tried for fear of hackers

Q5. How do you use mobile banking services?

Response 5. I receive transaction alert and check my account balance

Access to bank credit:

Q6. Do you ever request for bank loan/financing from your bank?

Response 6. No

Q7. Why you never request for bank loans/financing?

Response 7.

I can’t get all documents for assets they need from me to get loans, *a friend said, it is difficult to get loans,* he tried, and they investigate so much about his personal life and business, which I don’t like, I hate it, but, I like the funding. Due to need for collateral or guarantor for loans, people say it is difficult to get loans, and they investigate so much about personal life and business. I hate it. **Don’t need loans**

Q8. What do you want banks or government to do for you to increase your access to loans?

Response 8. Let the banks reduce the loan requirements, so that we access loans. If they did not try me, how do they know that I cannot repay them.

Q9. How do you see effort of your account officer towards helping you access credits?

Response 9. Actually, he did so much he is supposed to do, but it was not successful. I appreciate his effort

Access to insurance services:

Q10. What do you know about insurance services?

Response 10. I know insurance, like for farm, car, health or travelling.

Q11. Do you have any insurance policy?

Response 11. No.

Access to pension services:

Q12. What do you know about pension services?

Response 12. It is a savings for workers by their employers, for their benefits at old age

Q13. Do you have a pension account?

Response 13. No, my farm is my pension source

Entrepreneur's consumer protection

Q14. What do you know about your rights, privileges and need for protection, as a customer in banking relationship?

Response 14. They should not cheat me or allow someone to cheat me, like fraudster. **Know Little**

Q15. What action have you ever noticed in your banking relationship by your bankers, that you totally disagree with it?

Response 15. They make charges in every transaction. While, some transactions are not even supposed to attract charges. **Charges**

Q16. If your bankers did something that you don't like, where do you channel complains, to seek redress?

Response 16. I will first complain to my account officer, unless if cannot do anything, then I can involve police. **Account officer**

Q17. How do you see the effort of your bankers towards protecting your interest as a consumer?

Response 17. They do so, what impresses me most is, they cannot tell someone anything about your transaction and they listen to us any time you seek their attention. **Much effort**

Extent of agribusiness entrepreneurs' financial literacy:

Q18. What do you know about account opening documentation?

Response 18. Bank requires those things to protect themselves from fraudsters, you know they deal with money.

Q19. What do you know about payment terminals like ATMs?

Response 19. As I said before, they are used for payments or cash withdrawals, if the service is available and the machine dispense cash

Q20. What do you know about bank credit/loans/financing requirements?

Response 20. This is the most difficult aspect of banking business. If you take cash to questions, if you need loans, you will suffer in their hands with questions.

Q21. What do you know about Islamic financial system?

Response 21. It is a system of banking without interest on loans or deposits,

Q22. What do you know about banking regulations and policies?

Response 22. Guidelines for doing loans and deposits as stipulated by government

Q23. What do you know about business finance decision making?

Response 23. Ability to make an informed choice of what is good for your business financing so long as it is affordable and accessible

Institutions' efforts on enhancing financial inclusion:

Q24. Are banks and government providing financial service facilities in your area?

Response 24. Yes, they provide bank branches, ATMs, and internet services, but, it is all for their benefits

Q25. How do you see effort of government on poverty reduction programmes?

Response 25. I have never seen any tangible effort in our area, you may hear them saying it in budget and media, but no implementation

Q26. How do you see effort of government on the provision of credit schemes?

Response 26. Government supposed to be given us loans, but they don't, only few are benefitting from government money

Q27. How is the effort of banks or government on the issues increasing public awareness of financial services?

Response 27. Yes, banks are always ready to inform you on anything you want to know if you call them on phone or visit their branches,

Informant 16 AGEA3: Agribusiness entrepreneur having bank account but, not accessing credits

Access to banking services:

Q1. Do you have a bank account?

Response 1. Yes, I have both current and savings accounts

Q2. How do you use an ATMs for bank transactions?

Response 2. I use card to make cash withdrawal from my savings account. For current account, I use only cheque for withdrawal.

Q3. How do you use POS machine for bank transactions?

Response 3. I never use it.

Q4. How do you use internet banking services?

Response 4. I never use it also

Q5. How do you use mobile banking services?

Response 5. I see alert for transaction on my mobile phone

Access to bank credit:

Q6. Do you ever request for bank loan/financing from your bank?

Response 6. No, I never ask them

Q7. Why you never request for bank loans/financing?

Response 7. A friend discouraged me, he said they ask too much questions, to provide things you don't even know how to obtain them. Besides, I don't know anybody working in bank to process the loan for me, and I hate the bureaucracies taking place in offices. **Bureaucracy**

Q8. What do you want banks or government to do for you, to increase your access to loans?

Response 8. Any assistance from government can be too competitive and hard to get, except with political connections. I need to enquire more from the bank, how they are giving loans, to see if I can try processing.

Q9. How do you see effort of your account officer towards assisting you to obtain credit?

Response 9. Well, he did all he can do, as he said, but, to me he did not intensify effort.

Access to insurance services:

Q10. What do you know about insurance services?

Response 10. I know insurance as a protection against loss or accident.

Q11. Do you have any insurance policy?

Response 11. No.

Access to pension services:

Q12. What do you know about pension services?

Response 12. It is a savings for old age, mostly for workers of government or companies

Q13. Do you have a pension account?

Response 13. No, is not applicable to me now, as farmers don't have pension like workers

Entrepreneur's consumer protection

Q14. What do you know about your rights, privileges and need for protection, as a customer in banking relationship?

Response 14. I supposed to be getting help with loans and other services when I need it. They also should not debit my account, take my money, or pay someone without my consent. **Know Little**

Q15. What action have you ever noticed in your banking relationship by your bankers, that you totally disagree with it?

Response 15 Almost every month, I can see unnecessary deductions from my account, if you ask, they say bank charges. **Charges**

Q16. If your bankers did something that you don't like, where do you channel complains, to seek redress?

Response 16. I can meet my account officer, he can do something about it. **Account officer**

Q17. How do you see the effort of your bankers towards protecting your interest as a consumer?

Response 17. They try, more especially they tell everything you need to know about your transaction. Except that they make frequent charges and deductions. **Little effort**

Extent of agribusiness entrepreneurs' financial literacy:

Q18. What do you know about account opening documentation?

Response 18. It is a presentation of all identification credentials for account opening purposes

Q19. What do you know about payment terminals like ATMs?

Response 19. I use ATM machine to withdraw cash

Q20. What do you know about bank credit/loans/financing requirements?

Response 20. I never apply for loans, because I don't know how to apply, but soon I will ask someone in the bank to enlighten me on how to go about it

Q21. What do you know about Islamic financial system?

Response 21. It is banking business based on *Shari'ah* principles

Q22. What do you know about banking regulations and policies?

Response 22. It is a rules and regulations of how to conduct account and loans by banks

Q23. What do you know about business finance decision making?

Response 23. Strategies of how to improve access to finance from various sources, and how to make farming output at a lower cost

Institutions' efforts on enhancing financial inclusion:

Q24. Are banks and government providing financial service facilities in your area?

Response 24. The only problem is we must travel some kilometres before we get financial service, that is why at times is better you keep money at home, despite all the risk of loss.

Q25. How do you see effort of government on poverty reduction programmes?

Response 25. Poverty reduction programme is not enough to change agribusiness entrepreneurs' fortune. It is better for government to provide fertilizer and farm chemicals.

Q26. How do you see effort of government on the provision of credit schemes?

Response 26. Government is not seen as doing anything. I cannot see tangible effort by government to help farmers now.

Q27. How is the effort of banks or government on the issues increasing public awareness of financial services?

Response 27. Whoever want to know about banking should go to banks, in banks they can educate you about any bank related issues.

Informant 17 AGEA4: Agribusiness entrepreneur having Bank account but, not accessing credits

Access to banking services

Q1. Do you have a bank account?

Response 1. Yes, I have current and savings account

Q2. How do you use ATM for bank transaction?

Response 2. I use ATM machine for cash withdrawal and recharge of my phone credit sometimes check balance

Q3. How do you use POS machine for bank transaction?

Response 3. I usually pay the dealer who sells farm chemicals to me using my card on his POS machine inside his shop

Q4. How do you use internet banking services?

Response 4. I never even tried, so I don't know how to use it

Q5. How do you use mobile banking services?

Response 5. I receive transaction alert and check my account balance

Access to bank credit:

Q6. Do you ever request for bank loan/financing from your bank?

Response 6. Yes, I have been trying to get

Q7. When you request for bank credit, were you able to access it?

Response 7. No, I was not able to access

Q8. How was the effort of your account officer towards access to credits?

Response 8. He tried his best but could not get for me.

Q9. What challenges did you experience when you request for credits?

Response 9. <u>They ask me to provide collateral or guarantor, which I don't have, and bankers cannot take our farms as collateral because they are far away from cities, and they cannot give you a loan without security for the loan</u>. **Security**

Q10. How do you think these challenges can be taken care of?

Response 10. Banks should relax the requirements for their loans. They should realise that, everyone in need has no enough money that is why he come to take loans. If I have asset as a collateral, why not just sell it and get money instead of borrowing

Access to insurance services:

Q11. What do you know about insurance services?

Response 11. I know insurance, since in secondary school, it is a protection against loss, illness, or accident. They pay back as you pay them monthly.

Q12. Do you have any insurance policy?

Response 12. No, I only pray for insurance from God. Don't you have car? Yes, I don't have

Access to pension services:

Q13. What do you know about pension services?

Response 13. It is salary for government workers who retired

Q14. Do you have a pension account?

Response 14. No, except my savings account, where I save some money and take out when I needed it.

Entrepreneur's consumer protection

Q15. What do you know about your rights, privileges and need for protection, as a customer in banking relationship?

Response 14. If I can maintain account, deposit, withdraw or close the account at my own wish, not to be forced, I am OK. **Know Nothing**

Q16. What action have you ever noticed in your banking relationship by your bankers, that you totally disagree with it?

Response 16 If you want something from bank, they take time, like loans or transfers and they ask many questions and requirements. **Bureaucracies and investigations**

Q17. If your bankers did something that you don't like, where do you channel complains, to seek redress?

Response 17. My account officer can take over the case, if cannot, I will manager myself. **Account officer**

Q18. How do you see the effort of your bankers towards protecting your interest as a consumer?

Response 18. They don't care, because they know we have no option, they tend to exploit us, all banks are the same. **No effort**

Extent of agribusiness entrepreneurs' financial literacy:

Q19. What do you know about account opening documentation?

Response 19. To open account in a bank or any other financial institution, you need to document evidence of your identification, by providing some papers and filling some.

Q20. What do you know about payment terminals like ATMs?

Response 20. The pay cash and some of them accept deposit, but in this state I never seen the one taking deposit, I saw deposit ATM in Lagos

Q21. What do you know about bank credit/loans/financing requirements?

Response 21. To get loan from bank, they ask for collateral, guarantor, your history, your source of income and many more questions

Q22. What do you know about Islamic financial system?

Response 22. It is good to me as a Muslim, because in everything in life, you need to do things in a way of Islam. That is why I have savings account with Ja'iz bank. At least I know my savings have no interest

Q23. What do you know about banking regulations and policies?

Response 23. It is about protecting conflict between banks and its customers, so everyone should know what is right and wrong. Although we don't know some of the laws

Q24. What do you know about business finance decision making?

Response 24. Is good for business man to get educated man like you, to be advising him on finance decision. Although you guys only knows things in class, not practical -laughs-

Institutions' efforts on enhancing financial inclusion:

Q25. Are banks and government providing financial service facilities in your area?

Response 25. You can get financial services only in main towns, no banks and ATMs in villages and farm areas, although we too are living in main town, and we have internet connections everywhere, even in farms, provided there is GSM network.

Q26. How do you see effort of government on poverty reduction programmes?

Response 26. Government have the programme, they give little amount for start-up businesses, but it is not enough to all people in this state, and me I never get any

Q27. How do you see effort of government on the provision of credit schemes?

Response 27. In government owned agricultural bank, you must come in group to obtain loans. They say group members makes mutual guarantee, and you know if one member failed, you the remaining members will be held liable.

Q28. How is the effort of banks or government on the issues increasing public awareness of financial services?

Response 28. Yes, they are doing public awareness campaign, but, most of the things they discuss are known to me. Except when there is new issue.

Informant 18 AGEA5: Agribusiness entrepreneur having bank account but, not accessing credits

Access to banking services

Q1. Do you have a bank account?

Response 1. Yes, I operate a current account in Jaiz bank

Q2. How do you use ATM for bank transaction?

Response 2. I use ATM machine for cash withdrawal

Q3. How do you use POS machine for bank transaction?

Response 3. I never use it, I never try using it

Q4. How do you use internet banking services?

Response 4. I never even tried it also

Q5. How do you use mobile banking services?

Response 5. I receive transaction alert and recharge my phone from my bank account

Access to bank credit:

Q6. Do you ever request for bank loan/financing from your bank?

Response 6. Yes, I once do

Q7. When you request for bank credit, were you able to access it?

Response 7. No, I was not able to access

Q8. How was the effort of your account officer towards access to credits?

Response 8. He just wasted my time, telling me that he did his best, but, they cannot consider my request. It seems he was sceptical about giving me loans

Q9. What challenges did you experience when you request for credits?

Response 9. When I asked them to buy a poultry feed processing machine to me, they said, I must bring collateral, or someone to be my guarantor. When I asked why he said, they bought something like that to someone, he sell it without their knowledge. I don't have certificate of occupancy for my farm and house and none of my friends or relatives can stand as a guarantor to me. **Security**

Initial cost of processing the loans was high to me, I spent so much money to process the loan. When I first attempted accessing, it takes too much of my time, money, and transportation, so I nearly backed out, but my account manager encouraged me to be patient.

Q10. How do you think these challenges can be taken care of?

Response 10. It is the government that is supposed to intervene in our case, *by being a guarantor to us, to enable us obtain loans. But, even the ministry of agriculture or local government council don't care about that, but we need it.* **Access to insurance services:**

Q11. What do you know about insurance services?

Response 11. I know nothing about how they operate, as a farmer, I don't have any business to do with them

Q12. So, do you have any insurance policy?

Response 12. No, it is none of my business as a small farmer, I only concern with how to make my farming better.

Access to pension services:

Q13. What do you know about pension services?

Response 13. It is for retired workers

Q14. Do you have a pension account?

Response 14. No, I am not a civil servant, I am a small-scale farmer

Entrepreneur's consumer protection

Q15. What do you know about your rights, privileges and need for protection, as a customer in banking relationship?

Response 15. I know that it is bad for bank staff discussing with someone anything about customer or his account. **Know Little**

Q16. What action have you ever noticed in your banking relationship by your bankers, that you totally disagree with it?

Response16. Frequent charges from my account, although, is not much but I hate it, if I don't know it is for what. C**harges**

Q17. If your bankers did something that you don't like, where do you channel complains, to seek redress?

Response 17. I will call customer care line, in their head office, they can resolve the complaint. **Customer care**

Q18. How do you see the effort of your bankers towards protecting your interest as a consumer?

Response18. Once you ask them anything, they are ready to get it for you, unless if you are not eligible, or is not allowed, and they keep secretes **Much effort**

Extent of agribusiness entrepreneurs' financial literacy:

Q19. What do you know about account opening documentation?

Response 19. It is a process and requirements for opening an account in bank, by bringing some documents as evidence of where you live and work

Q20. What do you know about payment terminals like ATMs?

Response 20. They work like magic, although is a computer work. They are not making mistake of paying you from somebody's account. I really appreciate it, but they are not available in this area

Q21. What do you know about bank credit/loans/financing requirements?

Response 21. Credits are of two types for Islam and non-Islamic loans, non-Islamic loans has interest, that is why I don't want to request loan from other banks, but I know some people working there.

Q22. What do you know about Islamic financial system?

Response 22. Ja'iz as an Islamic bank supposed to be passionate to all Muslims, they should not be like other banks who exploit people. But, they behave the same way with other banks, it is not good, please tell them.

Q23. What do you know about banking regulations and policies?

Response 23. It is a guide of how to give loans and make other banking business, but I don't know the laws and how they operate

Q24. What do you know about business finance decision making?

Response 24. It is choosing among many alternatives of how to get finance, to beg from friends or to make personal saving or ask from banks. basically, is deciding how to get money

Institutions' efforts on enhancing financial inclusion:

Q25. Are banks and government providing financial service facilities in your area?

Response 125. Competition drives banks to open branches in major town like local government headquarters, and you can get ATM machine attached to the branches, although, the ATMs are not always functional.

Q26. How do you see effort of government on poverty reduction programmes?

Response 26. Federal and states governments are budgeting some amounts for that purpose, but is not sufficiently enough.

Q27. How do you see effort of government on the provision of credit schemes?

Response 27. Government loans are channelled through commercial banks, and the banks make it not obtainable by ordinary man. The banks do what they like, no government is putting eyes on them, so they give who they want to give only.

Q28. How is the effort of banks or government on the issues increasing public awareness of financial services?

Response 28. You can subscribe to messages on GSM service providers, although they charge for text messages and it is in English. Banks also distribute papers in English in their banking hall.

Informant 19 AGEA6: Agribusiness entrepreneur having bank account but, not accessing credits

Access to banking services

Q1. Do you have a bank account?

Response 1. Yes, I operate a bank account. I have current and savings account in Ja'iz bank

Q2. How do you use ATM for bank transaction?

Response 2. I use ATM machine for cash withdrawal and transfers

Q3. How do you use POS machine for bank transaction?

Response 3. When ATM machine did not give me cash or there is a long queue, I can go to somebody's shop, transfer money to his account and he can give me cash equivalent, but I can give him something little.

Q4. How do you use internet banking services?

Response 4. I never use it, but I hear people talking about it

Q5. How do you use mobile banking services?

Response 5. I receive transaction alert

Access to bank credit:

Q6. Do you ever request for bank loan/financing from your bank?

Response 6. Yes, I made a request for loan, about three-month back

Q7. When you request for bank credit, were you able to access it?

Response 7. No, they did not give me

Q8. How was the effort of your account officer towards access to credits?

Response 8. He always asks me to exercise patients, at last it was not possibly accessed. He says he is doing his best, but I don't know to what extent

Q9. What challenges did you experience when you request for credits?

Response 9. The procedure to access loans is not easy, I did all I can do, but I find it difficult to access. You should be following-up on your loan request, which require much time and processes, at last I have given off. **Bureaucracy**

Q10. How do you think these challenges can be taken care of?

Response 10. Ja'iz bank should use modern way of financing processing, to be faster and more efficient, and straight forward, if one cannot get, tell him as early as possible so that he can make another arrangement.

Access to insurance services:

Q11. What do you know about insurance services?

Response 11. I know vehicle insurance and hospital insurance for workers, but I do not know much about how it works like banking

Q12. Do you have any insurance policy?

Response 12. No, except for my vehicles that is my Toyota-Hilux pick-up and my Honda car.

Access to pension services:

Q13. What do you know about pension services?

Response 13. I have a cousin brother who is a retired government worker, he is collecting monthly payments as pension. I use to tease him that he is being paid for doing nothing, while we feed the nation and nobody cares about us.

Q14. Do you have a pension account?

Response 14. No, nobody is giving me any money

Entrepreneur's consumer protection

Q15. What do you know about your rights, privileges and need for protection, as a customer in banking relationship?

Response 15. When I go for any transaction, it is my right to get it in time, no waste of time, and they protect my money, yes. **Know Nothing**

Q16. What action have you ever noticed in your banking relationship by your bankers, that you totally disagree with it?

Response 16. Most of the time there is long queues for waiting service and there is delays if you make a request. **Queues and delays**

Q17. If your bankers did something that you don't like, where do you channel complains, to seek redress?

Response 17. When I have a complain, I go direct to the manager, who I believe can satisfactorily act on the issue. **Branch manager**

Q18. How do you see the effort of your bankers towards protecting your interest as a consumer?

Response 18. All they care is our patronage, they don't bother to see our protection from any angle, you keep complaining. **No effort**

Extent of agribusiness entrepreneurs' financial literacy:

Q19. What do you know about account opening documentation?

Response 19. It is the papers that I used to open account, they photocopy my identification card and electricity bill for my farm. And they asked me some questions which I answered and they gave me a place to put my signature.

Q20. What do you know about payment terminals like ATMs?

Response 20. I have the card, and I am using it for cash withdrawal and transfer of cash in a shop

Q21. What do you know about bank credit/loans/financing requirements?

Response 21. I know that its difficulty to get is more than its usefulness, I just realised that if not for greediness, why trying to get bank financing, I better manage what I have, to sustain my life

Q22. What do you know about Islamic financial system?

Response 22. The bank officer told me that they do not use interest, they do not invest in *Haram* (illegal) ways, and they do everything according to Islamic law, that is why I was motivated to open the account there three years now.

Q23. What do you know about banking regulations and policies?

Response 23. You know in everything there is rules and regulations, that is why there is peace. So, policies are laws guiding banks, to make peace with customers

Q24. What do you know about business finance decision making?

Response 24. Making a choice of what is good for you, depending on your knowledge or level of consultations and choice of who advice you in life.

Institutions' efforts on enhancing financial inclusion:

Q25. Are banks and government providing financial service facilities in your area?

Response 25. They always bring new things to get our attention and patronage, they are innovative enough to make money out of us. They are clever.

Q26. How do you see effort of government on poverty reduction programmes?

Response 26. There is a ministry in charge of poverty reduction programmes. The problem is our population is high and we are all in need of that help. So, you cannot see its impact

Q27. How do you see effort of government on the provision of credit schemes?

Response 27. You need to follow up in agricultural bank, you should give something to someone, otherwise your application cannot be processed. That is the truth, I attempted there, you must bribe someone to get it, and I cannot do that.

Q28. How is the effort of banks or government on the issues increasing public awareness of financial services?

Response 28. Every day you enter bank you can see a screen advertising their products and how to use it

Informant 20 AGEAC1: Agribusiness entrepreneur accessing bank credit

Access to banking services:

Q1. Do you have a bank account?

Response 1. Yes, I have both savings and current account

Q2. How do you use an ATMs for bank transactions?

Response 2. For cash withdrawal and transfers

Q3. How do you use POS machine for bank transactions?

Response 3. No, I never use it, just hearing about it

Q4. How do you use internet banking services?

Response 4. I don't know how to use it

Q5. How do you use mobile banking services?

Response 5. Yes, I see my bank balance and transaction alert

Access to bank credit:

Q6. Do you ever request for bank credit?

Response 6. Yes, for several times

Q7. When you request for bank credit, were you able to access it?

Response 7. Yes, I access bank loans for many times

Q8. How was the effort of your account officer towards access to credits?

Response 8. He is trying his best, but sometimes his superiors can bring problems

Q9. What challenges did you experience during access to credits?

Response 9. When I first submit business plan and proposals, they say my business is not viable enough to be financed, so they usually ask to explain in written. I got someone to rewrite the proposals for me, which shows how I can utilise the loans. If they are not satisfied with the plan, no loans for you. So, I suffered before they accepted it. **Viable investments**

Q10. How do you think these challenges can be taken care of?

Response 10. I think it is better if they can give us a standard format of what they want us to write in the report, to avoid all further problems.

Access to insurance services:

Q11. What do you know about insurance services?

Response 11. For accident? I know they say they can pay, if something happens.

Q12. Do you have any insurance policy?

Response 12. My car has the paper attached to its documents

Access to pension services:

Q13. What do you know about pension services?

Response 13. Money paid to retired workers

Q14. Do you have a pension account?

Response 14. No.

Entrepreneur's consumer protection

Q15. What do you know about your rights, privileges and need for protection, as a customer in banking relationship?

Response 15. When I am due for any service like loan, they should give me. If I save money for long time, I should benefit from the savings. **Know little**

Q16. What action have you ever noticed in your banking relationship by your bankers, that you totally disagree with it?

Response 16. Bankers have a habit of wasting your time, if you complain they will say they are waiting from head office, but, when they need something from you, they will call you immediately. **Bureaucracies and investigations**

Q17. If your bankers did something that you don't like, where do you channel complains, to seek redress?

Response 17. I have their customer care number at head office, if I call they can talk to the branch manager. **Customer care**

Q18. How do you see the effort of your bankers towards protecting your interest as a consumer?

Response 18. They make all transactions open to me, if I am not satisfied with anything they will show concern and we can discuss to see how to satisfy my request in any case. **Much effort**

Extent of agribusiness entrepreneurs' financial literacy:

Q19. What do you know about account opening documentation?

Response 19. Yes, I know all the requirements they need for account opening and additional papers they may require for lending purposes

Q20. What do you know about payment terminals like ATMs?

Response 20. They are electronic cash withdrawal or transfer centres

Q21. What do you know about bank credit/loans/financing requirements?

Response 21. Credit is a business of giving you money for mutual benefit, for a specific period and terms.

Q22. What do you know about Islamic financial system?

Response 22. They do business according to Islamic teachings

Q23. What do you know about banking regulations and policies?

Response 23. They guide how financial transactions are taking place

Q24. What do you know about business finance decision making?

Response 24. For me to make decision to avoid making loss and increase my profit

Institutions' efforts on enhancing financial inclusion:

Q25. Are banks and government providing financial service facilities in your area?

Response 25. Yes, they have, but they are few and some are not efficient in serving customers. Like ATM may say no network or out of cash

Q26. How do you see effort of government on poverty reduction programmes?

Response 26. That one is not reliable to a serious business man like me. They give little after you suffer much

Q27. How do you see effort of government on the provision of credit schemes?

Response 27. Well, bank of agriculture is trying its best, but the staff there are not helping matters, they play cards to their own advantage only.

Q28. How is the effort of banks or government on the issues increasing public awareness of financial services?

Response 28. The business of banks is only how to make money, they don't care about all these things. Government sometimes do some programmes in media houses.

Informant 21 AGEAC2: Agribusiness entrepreneur accessing bank credit

Access to banking services:

Q1. Do you have a bank account?

Response 1. Yes, I have, which type? Current and savings account

Q2. How do you use an ATMs for bank transactions?

Response 2. Just if I need urgent small cash from my account I use it, but not frequently using it

Q3. How do you use POS machine for bank transactions?

Response 3. I use it sometimes for shopping

Q4. How do you use internet banking services?

Response 4. I have used it once, on recommendation of my cash officer. Since then I abandoned it, can't even remember the login details

Q5. How do you use mobile banking services?

Response 5. I receive transaction alert from my mobile phone.

Access to bank credit:

Q6. Do you ever request for bank credit?

Response 6. Yes, of course.

Q7. When you request for bank credit, were you able to access it?

Response 7. Yes, I used bank credit, I think up to four times and repaid them back successfully

Q8. How was the effort of your account officer towards access to credits?

Response 8. Yes, he is good and helpful, he never failed me on any issue related to my account

Q9. What challenges did you experience during access to credits?

Response 9. Initial cost of processing the loans was high to me, I spent so much money to process the loan. When I first attempted accessing, it takes too much of my time and resources, and transportation, so I nearly backed out, but my account manager encouraged me to be patient. **Cost**

Q10. How do you think these challenges can be taken care of?

Response 10. Some of the papers they are requesting from us, to me are not that important since they know us, they know where we live, and they know we cannot run away from our homes and abandon our business and family because of their money. **KYC documentation**

Access to insurance services:

Q11. What do you know about insurance services?

Response 11. I really know much about how they operate, I know that, is a cover against eventual circumstances against what you covered, that is if something happen they will pay you for loss

Q12. Do you have any insurance policy?

Response 12. Yes, I was compelled to register insurance for my property which I gave them as a collateral. That is one of the reasons why I said initial processing cost is much.

Access to pension services:

Q13. What do you know about pension services?

Response 13. I know little about it. Saving for future to workers

Q14. Do you have a pension account?

Response 14. I don't have pension account and I am not an employee to any institution.

Entrepreneur's consumer protection

Q15. What do you know about your rights, privileges and need for protection, as a customer in banking relationship?

Response 15. When I have any issue with bank staff, they should listen to me and resolve the issue. **Know Little**

Q16. What action have you ever noticed in your banking relationship by your bankers, that you totally disagree with it?

Response 16. They make unnecessary deductions that you may not say why. C**harges**

Q17. If your bankers did something that you don't like, where do you channel complains, to seek redress?

Response 17. I will contact branch manager or regional manager of the bank. **Branch manager**

Q18. How do you see the effort of your bankers towards protecting your interest as a consumer?

Response 18. Well, they try their best to avoid fraudsters from your account, but, when your account is hacked they cannot do anything to you and they blame you. **Little effort**

Extent of agribusiness entrepreneurs' financial literacy:

Q19. What do you know about account opening documentation?

Response 19. I provided them to my bank account officer when opening account. From time to time, he gives me forms to update some information.

Q20. What do you know about payment terminals like ATMs?

Response 20. I use almost all electronic banking services on the course of my business. I do internet banking and mobile banking also.

Q21. What do you know about bank credit/loans/financing requirements?

Response 21. Providing all necessary information to enable bankers be sure you can repay them. Is all about safety of loans, my brother.

Q22. What do you know about Islamic financial system?

Response 22. I know is purely Islamic, no interest on loan. But how they operate and make profit, I don't know and I wonder how they do it.

Q23. What do you know about banking regulations and policies?

Response 23. I know some of them, like the criteria of opening and maintaining account, application for loans. I know also that they are regulated by CBN as their controller

Q24. What do you know about business finance decision making?

Response 24. Well, I know if you fail to plan well, your business is likely to fail. Financing decision is all about making good decision

Institutions' efforts on enhancing financial inclusion:

Q25. Are banks and government providing financial service facilities in your area?

Response 25. Yes, they do their best. We have up to three bank branches in our town and several ATMs. Everywhere in this place you can have internet services for electronic banking

Q26. How do you see effort of government on poverty reduction programmes?

Response 26. Politicians has taken advantage of their position to abuse the government effort. Like fertilizer now, they can buy for farmers and divert it for themselves, so we are buying our own, not relaying on government free funds.

Q27. How do you see effort of government on the provision of credit schemes?

Response 27. Government credits are now channelled through commercial banks, and banks are sanitising the system by making it a serious business. Unlike before, only people in government access it for themselves.

Q28. How is the effort of the banks or government on the issues increasing public awareness of financial services?

Response 28. Whenever I enter bank, I can find some papers containing many information on banking services. But, the only problem is, they are written in English not Hausa.

Informant 22 AGEAC3: Agribusiness entrepreneur accessing bank credit

Access to banking services:

Q1. Do you have a bank account?

Response 1. Yes, I have savings and current account with First bank, and another savings account with Ja'iz bank

Q2. How do you use an ATMs for bank transactions?

Response 2. I always use it to transfer cash to business partners and I also make online purchase with my debit card

Q3. How do you use POS machine for bank transactions?

Response 3. Hardly use it. My customers don't have the machine, so I make transfer to their account.

Q4. How do you use internet banking services?

Response 4. Yes, I have the service, but rarely use it, except for my account to account transfer.

Q5. How do you use mobile banking services?

Response 5. Except for my transaction alert. Banks send text messages to my mobile phone.

Access to bank credit:

Q6. Do you ever request for bank credit?

Response 6. Yes,

Q7. When you request for bank credit, were you able to access it?

Response 7. Yes,

Q8. How was the effort of your account officer towards access to credits?

Response 8. He is sceptical, and too demanding on documents. But, he can process for me when I need it

Q9. What challenges did you experience during access to credits?

Response 9. <u>The loan cost me too much, which is eroding my profits, although I always regret it, but I have no option when in serious need. When I added up all I repaid, the overall charges are high, up to 26 percent of the money</u> per annum. **Cost**

Q10. How do you think these challenges can be taken care of?

Response 10. Banks should be compassionate and considerate on our situation, so that they can reduce the charges on the loans.

Access to insurance services:

Q11. What do you know about insurance services?

Response 11. It is a hedge against uncertainties of business failure, to be compensated after loss or damage of property insured.

Q12. Do you have any insurance policy?

Response 12. My car is insured, no any other insurance.

Access to pension services:

Q13. What do you know about pension services?

Response 13. It is a saving against old age or a rainy day for salary earning workers

Q14. Do you have a pension account?

Response 14. I have pension account with my place of work, they remit my pension contribution to the account monthly

Entrepreneur's consumer protection

Q15. What do you know about your rights, privileges and need for protection, as a customer in banking relationship?

Response 15. They are to keep the secrete of my account information. Tell me anything about my transaction. **Know Much**

Q16. What action have you ever noticed in your banking relationship by your bankers, that you totally disagree with it?

Response 16. I always disagree with their exploitative cost of transactions, CBN is supposed to control bank charges to be reasonable. **Charges**

Q17. If your bankers did something that you don't like, where do you channel complains, to seek redress?

Response 17. When I have an issue that cannot be resolved at the bank level, I take my complaint to CBN, and they can do something. **CBN office**

Q18. How do you see the effort of your bankers towards protecting your interest as a consumer?

Response 18. Bank protects the interest of their customers very well. In fact, law requires them to do so, and they are doing it. **Much effort**

Extent of agribusiness entrepreneurs' financial literacy:

Q19. What do you know about account opening documentation?

Response 19. I know you have to bring valid means of identification card, certificate of birth, utility bill, supply identifiable address and referees before they open current account for you. They even ask me for tax clearance evidence.

Q20. What do you know about payment terminals like ATMs?

Response 20. They dispense cash from your account, make deposits and transfer, you can even buy recharge card or pay water and electricity bills on the machine

Q21. What do you know about bank credit/loans/financing requirements?

Response 21. To get money from banks, it requires a lot of difficulties and cost, but, I like it instead to beg from someone else.

Q22. What do you know about Islamic financial system?

Response 22. They do not charge interest on loans and not giving interest on deposit, because is *Haram* (prohibited) in Islam. But, they share profit or render some services to you. I know some of their products like *Musharakah*, and *Mudarabah*.

Q23. What do you know about banking regulations and policies?

Response 23. I can tell you the role of CBN and NDIC on banking operations. Banks themselves has internal regulations to protect themselves from undue loss and collapse.

Q24. What do you know about business finance decision making?

Response 24. For me as a business man? Yes. Like knowledge of risk and return, investment avenues and consequences of bad decision making is loss.

Institutions' efforts on enhancing financial inclusion:

Q25. How do you see effort of banks and government on providing financial service facilities in your area?

Response 25. Banks provide for their business interest, but, government need to improve electric power supply. Cost of internet and use of mobile call is also high, they need to do something about it

Q26. How do you see effort of government on poverty reduction programmes?

Response 26. They usually concentrate on women and less privileged, they do not consider business entrepreneurs in giving aids.

Q27. How do you see effort of government on the provision of credit schemes?

Response 27. It is there, for those who wish to access, but agricultural bank and bank of industry can take time before they give and is very competitive

Q28. How is the effort of banks or government on the issues increasing public awareness of financial services?

Response 28. Sometimes you can see then in television or hear them on radio making programmes, they are good and beneficial. Even though, they just advertising themselves

Informant 23 AGEAC4: Agribusiness entrepreneur accessing bank credit

Access to banking services:

Q1. Do you have a bank account?

Response 1. Yes, I have

Q2. How do you use an ATMs for bank transactions?

Response 2. I don't like using ATMs, because of either waiting time on queues, dispense error or no cash and connectivity messages

Q3. How do you use POS machine for bank transactions?

Response 3. I like using it but, few traders have the machine in their shops, so I always carry cash for my purchases

Q4. How do you use internet banking services?

Response 4. I feel comfortable and convenient using it

Q5. How do you use mobile banking services?

Response 5. I don't connect my account activities to my mobile phone, I do not see safety in it. I receive transaction alerts on my e-mail account.

Access to bank credit:

Q6. Do you ever request for bank credit?

Response 6. Yes,

Q7. When you request for bank credit, were you able to access it?

Response 7. Yes, I have constant assurance of getting loans over two years now, from my bank

Q8. How was the effort of your account officer towards access to credits?

Response 8. He is friendly and helpful, but pays attention to details and very careful on any issue that has to do with his job

Q9. What challenges did you experience during access to credits?

Response 9. *Bankers don't want to give loans to farmers for fear of loss, because they don't see viable investments in agriculture. I don't mention farming alone as my occupation since I have stream of income source. if you rely only on farming, they* *hardly give you loans. I am also not certain how the season would be, so I am afraid of borrowing for agriculture alone*, except because I have other sources of income. **Viable investment**

Q10. How do you think these challenges can be taken care of?

Response 10. The best way out to farmers is to have workable agricultural insurance cover, which mitigate risk of eventual circumstances, although it involves additional cost to the entrepreneur

Access to insurance services:

Q11. What do you know about insurance services?

Response 11. I knew it well as a security against unforeseen circumstances

Q12. Do you have any insurance policy?

Response 12. Yes, I have

Access to pension services:

Q13. What do you know about pension services?

Response 13. I see it as a security for life after hard work at an old age

Q14. Do you have a pension account?

Response 14. No, because I am not working under government

Entrepreneur's consumer protection

Q15. What do you know about your rights, privileges and need for protection, as a customer in banking relationship?

Response 15. I am entitled to know everything about my business transaction, and be giving fair hearing when I have a problem with them. **Know Much**

Q16. What action have you ever noticed in your banking relationship by your bankers, that you totally disagree with it?

Response 16. Except for unnecessary deductions they make, which is not fair, and is generally across all the banks, nothing you can do. **Charges**

Q17. If your bankers did something that you don't like, where do you channel complains, to seek redress?

Response 17. I will first meet the branch manager, unless if cannot do anything within his powers, I can then go further. **Branch manager**

Q18. How do you see the effort of your bankers towards protecting your interest as a consumer?

Response 18. Banks have much interest on protecting their customers, as much as they have interest in continued business. Because, they are smart, they know customer may leave them. But they charge much, that is there problem **Little effort**

Extent of agribusiness entrepreneurs' financial literacy:

Q19. What do you know about account opening documentation?

Response 19. They are papers you can fill and others you can provide their copy while others can be filled for you by someone else, so that you can open an account. Even if you did not complete the documentation, they will call you to necessarily do so in time, to continue using the account

Q20. What do you know about payment terminals like ATMs?

Response 20. They provide cash payment

Q21. What do you know about bank credit/loans/financing requirements?

Response 21. It is provision of financial resources from other sources, for use in my business, for an agreed terms and conditions. It is usually expensive and difficult to access

Q22. What do you know about Islamic financial system?

Response 22. I only know is interest free and in accordance with Islamic laws

Q23. What do you know about banking regulations and policies?

Response 23. How banking business is done according to laws of Nigerian government

Q24. What do you know about business finance decision making?

Response 24. It is activities and thinking that can enable me to improve my business

Institutions' efforts on enhancing financial inclusion:

Q25. Are banks and government providing financial service facilities in your area?

Response 25. Yes, they provide, but difficult to access loans, loans are costly and you need to travel some distance to get some services

Q26. How do you see effort of government on poverty reduction programmes?

Response 26. Presently, government is doing nothing. But, some years back, there was many poverty alleviation programmes to women and less privileged

Q27. How do you see effort of government on the provision of credit schemes?

Response 27. Only banks give credit. Government give grants to politically connected individuals only, and the beneficiaries hardly utilise it judiciously

Q28. How is the effort of banks or government on the issues increasing public awareness of financial services?

Response 28. I sometime back saw bank workers doing road show and distributing pamphlets to people around. But, they do it only in major towns, you cannot see them in rural areas

Informant 24 AGEAC5: Agribusiness entrepreneur accessing bank credit

Access to banking services:

Q1. Do you have a bank account?

Response 1. Yes, I have current and two savings accounts

Q2. How do you use an ATMs for bank transactions?

Response 2. I have the card, I know how to use it, but don't use it because I interact with cash transactions most of the time

Q3. How do you use POS machine for bank transactions?

Response 3. I also no longer using it like ATM

Q4. How do you use internet banking services?

Response 4. Yes, I sometimes make transfer through internet banking with my token number sent on mobile phone

Q5. How do you use mobile banking services?

Response 5. I use it only to receive transaction alerts

Access to bank credit:

Q6. Do you ever request for bank credit?

Response 6. Yes, severally

Q7. When you request for bank credit, were you able to access it?

Response 7. Yes, I receive it

Q8. How was the effort of your account officer towards access to credits?

Response 8. Commendable, since at last I am getting financing

Q9. What challenges did you experience during access to credits?

Response 9. They ask me to get a friend or relative who can sign as a guarantor for me, or alternatively, I should provide a collateral. At last, I convince them to use my salary account as a security. They agreed but, they are not giving me so much amount I needed, they dictate how much they can give me. For large amount, they say I must bring collateral or guarantor, to secure the funds. **Security**

Q10. How do you think these challenges can be taken care of?

Response 10. I am working towards having an asset that can serve as a tangible collateral, because I understand that, they cannot compromise their policies and give loans without collateral or guarantor.

Access to insurance services:

Q11. What do you know about insurance services?

Response 11. I know little about it, because I never has any issues with the insurance company.

Q12. Do you have any insurance policy?

Response 12. Yes, but not a serious one

Access to pension services:

Q13. What do you know about pension services?

Response 13. It is a payment of retirement benefits after you work for your organisation

Q14. Do you have a pension account?

Response 14. Yes, I have in my office

Entrepreneur's consumer protection

Q15. What do you know about your rights, privileges and need for protection, as a customer in banking relationship?

Response 15. We should understand each other in any transaction, avoid ambiguity that may result to conflict. **Know Much**

Q16. What action have you ever noticed in your banking relationship by your bankers, that you totally disagree with it?

Response 16. They take our money unnecessarily, they give it many names like charges, account maintenance fee, COT, or tax. **Charges**

Q17. If your bankers did something that you don't like, where do you channel complains, to seek redress?

Response 17. I know a department in CBN office in the city, once you go there, they can listen to you. Although, I never take complain to them. **CBN office**

Q18. How do you see the effort of your bankers towards protecting your interest as a consumer?

Response 18. Despite all odds, banks are said to be very much considerate on the interest and rights of customers, once they see displeasure in you, they act fast to satisfy you. **Much effort**

Extent of agribusiness entrepreneurs' financial literacy:

Q19. What do you know about account opening documentation?

Response 19. I know much, since I provide them when opening account

Q20. What do you know about payment terminals like ATMs?

Response 20. Dispenses cash money or make payments even in the mid night, no time restrictions

Q21. What do you know about bank credit/loans/financing requirements?

Response 21. It is a way of obtaining additional funding from banks. but, it is an exploitation to me, because you can just be working for them and they take the benefits. Although we need it, and sought for it, but it is unfortunate how they give us at an expensive rate.

Q22. What do you know about Islamic financial system?

Response 22. I only know there is no usury, but, someone say their funds are also expensive

Q23. What do you know about banking regulations and policies?

Response 23. They are dos and don'ts dos of banking services as you must follow, otherwise they sue you to court

Q24. What do you know about business finance decision making?

Response 24. Is choosing what is good for you and your business. If you like spend any-how, but make good plan is better.

Institutions' efforts on enhancing financial inclusion:

Q25. Are banks and government providing financial service facilities in your area?

Response 25. They concentrate in cities, although that is where business is, but in smaller towns, very few facilities are provided, no ATM machine here until you enter the main town.

Q26. How do you see effort of government on poverty reduction programmes?

Response 26. One cannot rely on government money and make business successfully. Poverty funds are small, while grants are not adequate

Q27. How do you see effort of government on the provision of credit schemes?

Response 27. Even government credits are not easy to be found and not always available as bank credits. Government credits are limited to government budget and administrators' willingness to give you.

Q28. How is the effort of banks or government on the issues increasing public awareness of financial services?

Response 28. Whatever you ask you ask bankers, they can inform you even on phone, so I recommend their effort in enlightening people.

Informant 25 AGEAC6: Agribusiness entrepreneur accessing bank credit

Access to banking services:

Q1. Do you have a bank account?

Response 1. Yes, I have for a long while now.

Q2. How do you use an ATMs for bank transactions?

Response 2. If I need cash withdrawal, I go to ATM, but I don't use it for cash deposit.

Q3. How do you use POS machine for bank transactions?

Response 3. I use it only one time in my life, I paid for some shopping in a provision store

Q4. How do you use internet banking services?

Response 4. I know how to use, but I never use it. I even forgot the user ID and password they gave me.

Q5. How do you use mobile banking services?

Response 5. I buy recharge card from my account, and I get transaction alert of my deposit and withdrawals in my handset.

Access to bank credit:

Q6. Do you ever request for bank credit?

Response 6. Yes, I do

Q7. When you request for bank credit, were you able to access it?

Response 7. I always get financing from my bankers

Q8. How was the effort of your account officer towards access to credits?

Response 8. No problem, he is doing his job well, and I am satisfied with his effort

Q9. What challenges did you experience during access to credits?

Response 9. They refuse to give me cash, but they can pay for all my supply from where I buy animal feeds, because this is the arrangement of the financing method. When I insist, they say it should be a different form of financing arrangement, with different requirements, and that is what my guarantor stands for. So, I just take it the way it is. Meanwhile I have a guarantor that signed for me, still I cannot get cash that I needed, they put limit. **Security**

Q10. How do you think these challenges can be taken care of?

Response 10. I need to have more in depth understanding of how Islamic financing is working, although I know a little and using it. I also need to have my financing limit increased.

Access to insurance services:

Q11. What do you know about insurance services?

Response 11. I know much about it, how it operates and what it involves

Q12. Do you have any insurance policy?

Response 12. Yes, I have. All goods on transport, as supplied from company to my farm is insured and my car have third party insurance

Access to pension services:

Q13. What do you know about pension services?

Response 13. I know how it operates as compulsory savings against old age, for workers.

Q14. Do you have a pension account?

Response 14. No, I don't have

Entrepreneur's consumer protection

Q15. What do you know about your rights, privileges and need for protection, as a customer in banking relationship?

Response 15. I need to be discussing all my business issues in Hausa language, because I understand it more. That is why I prepare to meet Hausa staff working to service my request. **Know Little**

Q16. What action have you ever noticed in your banking relationship by your bankers, that you totally disagree with it?

Response 16. Any little thing you approach bank, they ask you ID card, sign this, bring this and that, or they ask you to come later another day. **Bureaucracies and investigations**

Q17. If your bankers did something that you don't like, where do you channel complains, to seek redress?

Response 17. Ah! My account officer is the person I know that I can complain to. **Account officer**

Q18. How do you see the effort of your bankers towards protecting your interest as a consumer?

Response 18. As far as I know, banks don't want to see customers complaining for anything, but, they do so to protect their business not just to help customer. For customer, they care on how to get money from him**. Little effort**

Extent of agribusiness entrepreneurs' financial literacy:

Q19. What do you know about account opening documentation?

Response 19. I know almost all the requirements of account opening and loans

Q20. What do you know about payment terminals like ATMs?

Response 20. I know the operations of ATM, POS, and mobile banking but, internet banking, I never try. But, not using it since it takes away my card one day, I never apply for another.

Q21. What do you know about bank credit/loans/financing requirements?

Response 21. Ja'iz bank is financing the supply of my raw materials from feed mill company, even if no money in my account

Q22. What do you know about Islamic financial system?

Response 22. No interest, no exploitation. They expressly tell you everything in details. It is purely Islamic way of doing business

Q23. What do you know about banking regulations and policies?

Response 23. CBN make laws of how to do banking business and guidelines of how to operate

Q24. What do you know about business finance decision making?

Response 24. Informed decision-making lead to viable and profitable business, if you did not make good decision your business if finished

Institutions' efforts on enhancing financial inclusion:

Q25. Are banks and government providing financial service facilities in your area?

Response 25. Yes, but our major problem is storage facilities due to unstable electric power supply, which increases our cost of production

Q26. How do you see effort of government on poverty reduction programmes?

Response 26. It is centred towards women and subsistence farmers, not business farmers, they promise us grants, but we are yet to see any

Q27. How do you see effort of government on the provision of credit schemes?

Response 27. It is channelled through banks, bank of agriculture and bank of industry are no longer effective, due to budget constraints

Q28. How is the effort of banks or government on the issues increasing public awareness of financial services?

Response 28. Radio and television stations are doing that, but, the timing is not convenient to me, they do it when I am very busy. But, is very informative.